

Fund name reference table

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

Common name

Legal name

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

Profile Funds

2010 Profile	2010 Profile Fund 5.14L
2015 Profile	2015 Profile Fund 5.15L
2020 Profile	2020 Profile Fund 5.16L
2025 Profile	2025 Profile Fund 5.17L
2030 Profile	2030 Profile Fund 5.18L
2035 Profile	2035 Profile Fund 5.19L
2040 Profile	2040 Profile Fund 5.20L
2045 Profile	2045 Profile Fund 5.21L
2050 Profile	2050 Profile Fund 5.22L
Advanced Profile	Advanced Profile Fund 2.45L
Aggressive Profile	Aggressive Profile Fund 2.46L
Balanced Profile	Balanced Profile Fund 2.44L
Canadian Equity Profile	Canadian Equity Profile Fund 2.98L
Conservative Profile	Conservative Profile Fund 2.42L
Diversified Fixed Income Profile	Fixed Income Profile Fund 3.00L
Equity Profile	Equity Profile Fund 5.23L
Global Equity Profile	Global Equity Profile Fund 2.99L
Income Profile	Income Profile Fund 5.13L
Moderate Profile	Moderate Profile Fund 2.43L

Managed Fund Solutions

CI Balanced Income	Balanced Income Fund 6.47CI
Core Balanced	Core Balanced Fund 6.48L
Core Balanced Growth Plus	Core Balanced Growth Plus Fund 6.49L
Core Conservative Growth	Core Conservative Growth Fund 6.50L
Core Moderate	Core Moderate Fund 6.51L
Core Moderate Growth Plus	Core Moderate Growth Plus Fund 6.52L
Fidelity Balanced Income	Balanced Income Fund 6.60F
Fidelity Moderate Growth	Moderate Growth Fund 6.61F
Fidelity Moderate Income	Moderate Income Fund 6.62F
Franklin Templeton Balanced Income	Balanced Income Fund 6.53TE
Franklin Templeton Moderate Growth	Moderate Growth Fund 6.54TE
Franklin Templeton Moderate Income	Moderate Income Fund 6.55TE
Mackenzie Balanced	Balanced Fund 6.56MF
Mackenzie Balanced Income	Balanced Income Fund 6.57MF
Mackenzie Moderate Growth	Moderate Growth Fund 6.58MF
Mackenzie Moderate Income	Moderate Income Fund 6.59MF

Funds managed by Canada Life Investment Management Ltd.

Long Term Bond	Long Term Bond Fund
Mortgage	Mortgage Fund
Real Return Bond	Real Return Bond Fund 7.53PIM

Funds managed by GWL Realty Advisors Inc.

Real Estate	Real Estate Fund 2.17G
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Funds managed by AGF Funds Inc.

American Growth	American Growth Fund 2.34A
Canadian Small Cap Growth	Growth Equity Fund (AGF)

Common name**Funds managed by Beutel, Goodman & Company Ltd.**

American Value
Canadian Focused Value
Canadian Value Balanced

Fund managed by Canada Life Asset Management Limited

Far East Equity

Fund managed by Connor, Clark & Lunn Investment Management Ltd.

Canadian Focused Blended Equity

Funds managed by Irish Life Investment Managers

Global Low Volatility

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

International Equity
Sentry Global Income

Funds managed by Mackenzie Investments

Balanced Growth
Canadian Core Bond
Canadian Core Plus Bond
Canadian Corporate Bond
Canadian Dividend
Canadian Equity
Canadian Focused Dividend
Canadian Focused Growth
Canadian Focused Stock
Canadian Growth
Canadian Growth Balanced
Canadian Income
Canadian Low Volatility
Canadian Small-Mid Cap
Canadian SRI Equity
Canadian Stock Balanced
Canadian Value Equity
Diversified Balanced
Floating Rate Income
Foreign Equity
Global Balanced
Global Growth Opportunities
Global Infrastructure
Global Monthly Income
Global Resources
Global Small-Mid Cap Growth
Government Bond
Income
International Stock
Money Market
Monthly Income
North American Balanced
North American High Yield Fixed Income
Precious Metals
Science and Technology
Short-Term Bond
Strategic Income
U.S. Dividend
U.S. Growth
U.S. Mid Cap Growth
U.S. Value Stock
Unconstrained Fixed Income

Legal name

U.S. Equity Fund 3.59PHN
North American Equity Fund 2.40BG
Balanced Fund 2.39BG

Asian Growth Fund 2.35A

Canadian Equity Growth Sectors Fund 2.86L

Canadian Opportunity Fund 2.30MF

International Equity Fund
Growth & Income Fund (AGF)

Balanced Growth Fund 2.02L
Bond Fund
Income Fund 2.06MX
Corporate Bond Fund 7.52PIM
Dividend Fund 2.09MX
Growth Equity Fund 2.04L
Dividend Fund 2.03L
Canadian Equity Growth Fund 2.08MX
Equity Fund 2.28MF
Canadian Equity Fund 2.18G
Equity/Bond Fund 2.15G
Income Fund 2.01L
Larger Company Fund 2.29MF
Mid Cap Canada Fund 2.16G
Ethics Fund 2.77G
Growth & Income Fund 2.27MF
Canadian Equity Fund
Diversified Fund
Floating Rate Income Fund 8.23MF
Foreign Equity Fund 3.02MF
Global Balanced Fund 6.69MF
Global Opportunity Fund 2.11J
Global Infrastructure Equity Fund 6.70L
Balanced Fund 2.31MF
Natural Resource Fund 2.12MX
Smaller Company Fund 2.32MF
Government Bond Fund 2.14G
Income Fund 2.26MF
International Stock Fund 3.01MF
Money Market Fund
Monthly Income Fund 8.24L
Balanced (P) Fund
North American High Yield Bond Fund 7.55MF
Precious Metals Fund 2.13MX
Science and Technology Fund 2.76G
Short Term Bond Fund 7.51PIM
Canadian Balanced Fund 2.07MX
U.S. Dividend Fund 7.76L
U.S. Equity Fund
U.S. Growth Sectors Fund 2.87L
U.S. Value Equity Fund (S178) 4.11L
Global Unconstrained Fund 8.97MF

Common name**Legal name****Fund managed by Putnam Investments, LLC**

Emerging Markets
Global Stock
U.S. All Cap Growth
U.S. Low Volatility

Emerging Markets Fund 9.67P
Global Equity Fund 2.05L
American Equity Fund 2.10J
U.S. Low Volatility Fund 8.25P

Funds managed by Setanta Asset Management Limited

European Equity
Global All Cap Equity
Global Dividend

European Equity Fund 2.38SAM
Global Equity Fund (S034) 4.03SAM
Global Dividend Fund 8.26SAM

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL BALANCED FUND 6.69MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Balanced Fund 6.69MF (the "Fund")

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Balanced Fund 6.69MF

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ 151
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	138	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	223,653	213,653
Total investments	223,653	213,653
Total assets	\$ 223,791	\$ 213,804
Liabilities		
Overdrafts	\$ 145	\$ —
Due to The Canada Life Assurance Company (note 8)	38	93
Due to brokers	—	122
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	183	215
Net assets attributable to contractholders	\$ 223,608	\$ 213,589

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 19,168	\$ 23,474
Miscellaneous income (loss)	—	—
Total income	19,168	23,474
Expenses		
Management fees (note 8)	5,410	4,869
Other	665	601
Total expenses	6,075	5,470
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 13,093	\$ 18,004

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 213,589	\$ 207,579
Contractholder deposits	24,559	12,486
Contractholder withdrawals	(27,633)	(24,480)
Increase (decrease) in net assets from operations attributable to contractholders	13,093	18,004
Change in net assets attributable to contractholders	10,019	6,010
Net assets attributable to contractholders - end of year	\$ 223,608	\$ 213,589

Global Balanced Fund 6.69MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 13,093	\$ 18,004
Adjustments		
Realized (gains) losses	(2,837)	(2,721)
Unrealized (gains) losses	1,455	(4,137)
Gross proceeds of disposition of investments	221,025	28,513
Gross payments for the purchase of investments	(211,857)	(11,070)
Distribution income of underlying mutual fund	(17,786)	(16,616)
Change in due from/to The Canada Life Assurance Company	(55)	68
Change in due from/to brokers	(260)	167
	<u>2,778</u>	<u>12,208</u>
Financing Activities		
Contractholder deposits	24,559	12,486
Contractholder withdrawals	(27,633)	(24,480)
	<u>(3,074)</u>	<u>(11,994)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(296)	214
Cash, short-term deposits and overdrafts, beginning of year	151	(63)
Cash, short-term deposits and overdrafts, end of year	\$ (145)	\$ 151

Global Balanced Fund 6.69MF

Schedule of Investment Portfolio

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

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Global Balanced Fund Series S *	10,670,433	200,599	223,653
Total Investments		200,599	223,653

Top 25 Holdings

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

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

Global Balanced Fund 6.69MF

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	1,144,992	1,163,956	1,235,821	1,100,455	863,458	26,549	25,469	24,711	20,072	15,837
75/100 guarantee policy	4,363,547	4,614,389	5,048,442	4,783,099	3,880,833	100,126	100,142	100,344	86,918	71,031
100/100 guarantee policy	109,636	127,208	143,576	146,345	139,870	2,464	2,708	2,803	2,616	2,522
PS1 75/75 guarantee policy	747,072	716,253	674,226	578,701	435,443	15,979	14,423	12,374	9,662	7,287
PS1 75/100 guarantee policy	3,195,724	3,083,288	3,160,326	2,800,535	1,987,714	67,261	61,199	57,265	46,245	32,954
PS1 100/100 guarantee policy	60,589	49,579	78,124	89,091	72,060	1,248	965	1,392	1,450	1,180
PS2 75/75 guarantee policy	167,487	167,905	175,436	82,586	101,887	4,566	4,200	3,900	1,629	1,964
PS2 75/100 guarantee policy	126,457	97,966	116,587	112,224	120,947	3,447	2,451	2,592	2,213	2,331
PS2 100/100 guarantee policy	—	—	6,973	6,999	7,221	—	—	155	138	139
PS 75/75 guarantee policy	21,623	24,996	33,444	10,619	—	282	305	368	106	—
PS 75/100 guarantee policy	62,923	61,155	66,348	9,240	—	815	741	728	92	—
PPS 75/75 guarantee policy	19,304	23,323	23,726	2,428	—	254	286	262	24	—
PPS 75/100 guarantee policy	47,086	57,353	62,154	21,158	—	617	700	685	210	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	23.19	21.88	20.00	18.24	18.34	1.31	1.88
75/100 guarantee policy	22.95	21.70	19.88	18.17	18.30	1.25	1.82
100/100 guarantee policy	22.47	21.28	19.52	17.88	18.04	1.19	1.76
PS1 75/75 guarantee policy	21.39	20.14	18.35	16.70	16.74	1.25	1.79
PS1 75/100 guarantee policy	21.05	19.85	18.12	16.51	16.58	1.20	1.73
PS1 100/100 guarantee policy	20.60	19.47	17.81	16.27	16.37	1.13	1.66
PS2 75/75 guarantee policy	27.26	25.02	22.23	19.72	19.27	2.24	2.79
PS2 75/100 guarantee policy	27.26	25.02	22.23	19.72	19.27	2.24	2.79
PS2 100/100 guarantee policy	—	—	22.23	19.72	19.28	—	—
PS 75/75 guarantee policy	13.06	12.18	11.01	9.93	—	0.88	1.17
PS 75/100 guarantee policy	12.96	12.12	10.97	9.92	—	0.84	1.15
PPS 75/75 guarantee policy	13.17	12.26	11.05	9.94	—	0.91	1.21
PPS 75/100 guarantee policy	13.10	12.21	11.02	9.94	—	0.89	1.19

Global Balanced Fund 6.69MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Balanced Fund 6.69MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Changes in Accounting Policies

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

b) Use of Estimates, Significant Accounting Judgments and Assumptions

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

Global Balanced Fund 6.69MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

Global Balanced Fund 6.69MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

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

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

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

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

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

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

Global Balanced Fund 6.69MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

d) Investment Fund Units

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

e) Cash, Short-term Deposits and Overdrafts

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

f) Classification of Units Issued by the Fund

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

Global Balanced Fund 6.69MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

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

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

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

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

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

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

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

Foreign currency

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

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

h) Offsetting of Financial Instruments

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

Global Balanced Fund 6.69MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

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

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

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

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

j) Amounts Due to/from Outside Parties

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

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

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

k) Other Expenses

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

l) Income Allocation

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

m) Issue and Redemption of Units

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

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

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

Global Balanced Fund 6.69MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

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

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

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

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

Investments in unconsolidated structured entities

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

4. DESCRIPTION OF UNITS

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

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Global Balanced Fund 6.69MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

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

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

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

5. CAPITAL MANAGEMENT

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

6. INCOME TAXES

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

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

Global Balanced Fund 6.69MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

8. RELATED PARTY TRANSACTIONS

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

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

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

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

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Balanced Fund 6.69MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

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

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

b) Liquidity Risk

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

c) Currency Risk

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

d) Interest Rate Risk

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

e) Credit Risk

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

f) Other Price Risk

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

g) Fair Value Classification

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

Global Balanced Fund 6.69MF

Supplemental Information (unaudited)

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.79	2.80	2.79	2.85	2.92
75/100 guarantee policy	3.02	3.02	3.02	3.02	2.98
100/100 guarantee policy	3.18	3.18	3.17	3.18	3.14
PS1 75/75 guarantee policy	2.56	2.53	2.53	2.52	2.49
PS1 75/100 guarantee policy	2.73	2.70	2.69	2.69	2.66
PS1 100/100 guarantee policy	2.95	2.93	2.92	2.92	2.89
PS 75/75 guarantee policy	1.67	1.68	1.67	1.66	—
PS 75/100 guarantee policy	1.90	1.90	1.89	1.88	—
PPS 75/75 guarantee policy	1.44	1.41	1.40	1.40	—
PPS 75/100 guarantee policy	1.61	1.58	1.57	1.56	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.56	2.56	2.56	2.55	2.52
PS1 75/100 guarantee policy	2.73	2.73	2.72	2.72	2.69
PS1 100/100 guarantee policy	2.95	2.96	2.95	2.95	2.92
PPS 75/75 guarantee policy	1.44	1.44	1.43	1.43	—
PPS 75/100 guarantee policy	1.61	1.61	1.60	1.59	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	95.86	5.47	5.53	2.99	1.89

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

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

GLOBAL INFRASTRUCTURE EQUITY FUND 6.70L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Infrastructure Equity Fund 6.70L (the "Fund")

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Infrastructure Equity Fund 6.70L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 991	\$ 22,024
Investment income due and accrued	766	871
Due from The Canada Life Assurance Company (note 7)	—	1,042
Due from brokers	—	—
Due from outside parties	34	34
Investments		
Bonds	—	—
Stocks	513,707	497,181
Investment fund units	—	—
Total investments	513,707	497,181
Total assets	\$ 515,498	\$ 521,152
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	35	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	35	—
Net assets attributable to contractholders	\$ 515,463	\$ 521,152

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 52,725	\$ (32,171)
Miscellaneous income (loss)	365	(1,670)
Total income	53,090	(33,841)
Expenses		
Management fees (note 7)	1,196	1,349
Transaction costs	1,206	1,783
Withholding taxes	1,456	1,674
Other	151	168
Total expenses	4,009	4,974
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 49,081	\$ (38,815)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 521,152	\$ 554,477
Contractholder deposits	47,919	105,940
Contractholder withdrawals	(102,689)	(100,450)
Increase (decrease) in net assets from operations attributable to contractholders	49,081	(38,815)
Change in net assets attributable to contractholders	(5,689)	(33,325)
Net assets attributable to contractholders - end of year	\$ 515,463	\$ 521,152

Global Infrastructure Equity Fund 6.70L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 49,081	\$ (38,815)
Adjustments		
Realized (gains) losses	(10,950)	14,452
Unrealized (gains) losses	(18,847)	36,457
Gross proceeds of disposition of investments	673,246	501,857
Gross payments for the purchase of investments	(659,975)	(503,730)
Change in investment income due and accrued	105	370
Change in due from/to The Canada Life Assurance Company	1,077	(917)
	<u>33,737</u>	<u>9,674</u>
Financing Activities		
Contractholder deposits	47,919	105,940
Contractholder withdrawals	(102,689)	(100,450)
	<u>(54,770)</u>	<u>5,490</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(21,033)	15,164
Cash, short-term deposits and overdrafts, beginning of year	22,024	6,860
Cash, short-term deposits and overdrafts, end of year	\$ 991	\$ 22,024
Supplementary cash flow information		
Dividend income received	\$ 23,033	\$ 19,078

Global Infrastructure Equity Fund 6.70L

Schedule of Investment Portfolio

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

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Energy			
Enbridge Inc. [CAD]	229,967	10,865	11,362
Hydro One Ltd.	157,638	4,639	5,188
Pembina Pipeline Corp.	41,543	1,570	1,594
TC Energy Corp.	148,366	9,195	8,728
Industrials			
Westshore Terminals Investment Corp.	120,548	1,989	3,233
Utilities			
ATCO Ltd. Class I non-voting	153,187	5,866	6,541
Brookfield Infrastructure Corp.	70,844	5,855	6,116
Canadian Utilities Ltd. Class A non-voting	263,349	9,335	9,661
Superior Plus Corp.	228,854	2,996	2,975
Total Canadian Common Stock		52,310	55,398
United States Common Stock			
Communication Services			
AT&T Inc.	85,310	3,096	2,655
Lumen Technologies Inc.	206,970	2,861	3,286
Verizon Communications Inc.	105,339	6,969	6,924
Consumer Discretionary			
Perdoceo Education Corp.	231,079	3,238	3,438
Energy			
Antero Midstream Corp.	190,280	2,400	2,330
Cheniere Energy Inc.	40,800	3,245	5,220
Equitrans Midstream Corp.	568,612	7,015	7,438
Kinder Morgan Inc.	616,831	13,916	12,376
ONEOK Inc.	21,446	1,152	1,594
Targa Resources Corp.	206,228	10,778	13,629
The Williams Companies Inc.	326,405	9,344	10,752
Financials			
iShares Global Infrastructure ETF	70,112	4,119	4,220

Global Infrastructure Equity Fund 6.70L

Schedule of Investment Portfolio

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

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Health Care			
Select Medical Holdings Corp.	35,978	1,717	1,338
Tenet Healthcare Corp.	16,516	1,416	1,707
Utilities			
Dominion Energy Inc.	111,275	10,947	11,059
DTE Energy Co.	111,467	16,129	16,856
Duke Energy Corp.	206,228	24,019	27,367
National Fuel Gas Co.	168,395	12,019	13,621
NextEra Energy Inc.	193,989	14,056	22,911
NRG Energy Inc.	114,612	5,316	6,246
PNM Resources Inc.	20,772	1,289	1,198
Portland General Electric Co.	140,205	8,576	9,386
Southern Co.	34,495	2,683	2,993
Total United States Common Stock		166,300	188,544
Global Common Stock			
Australia			
Qube Holdings Ltd.	2,056,076	5,581	5,995
Sydney Airport Authority Unit	2,001,700	12,700	15,981
Transurban Group Stapled Security	1,694,624	19,691	21,541
Austria			
EVN AG	33,835	1,231	1,291
Bermuda			
BW LPG Ltd.	236,884	2,271	1,702
Cosco Pacific Ltd.	3,436,400	3,585	3,775
Liberty Latin America Ltd. Class A	146,140	2,386	2,156
Shenzhen International Holdings Ltd.	3,597,634	6,729	4,728
Yuexiu Transport Infrastructure Ltd.	1,972,000	1,629	1,478
Brazil			
Companhia de Saneamento Basico do Estado de Sao Paulo	268,172	2,714	2,490
China			
Hainan Meilan International Airport Co. Ltd.	294,000	1,518	1,147

Global Infrastructure Equity Fund 6.70L

Schedule of Investment Portfolio

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

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
China (continued)			
Jiangsu Expressway Co. Ltd.	2,962,240	4,413	3,840
Shenzhen Expressway Corp. Ltd.	2,335,622	2,845	2,861
Zhejiang Expressway Co. Ltd.	3,894,035	3,984	4,391
Finland			
Fortum OYJ	121,085	4,499	4,675
France			
Aéroports de Paris	13,341	2,497	2,175
Electricite de France SA	110,313	2,168	1,640
Engie SA	575,459	11,079	10,777
Getlink SE	692,368	13,722	14,507
Suez Group	168,908	4,713	4,815
Veolia Environnement SA	56,149	1,922	2,607
Germany			
E.ON SE	226,751	3,435	3,976
Hamburger Hafen und Logistik AG	65,823	1,754	1,948
Hong Kong			
China Merchants Holdings International Co. Ltd.	56,000	132	129
Italy			
A2A SPA	4,375,424	10,177	10,768
Atlantia SPA	465,078	12,504	11,678
Enav SPA	422,620	2,579	2,377
Enel SPA	388,560	3,350	3,911
IREN SPA	1,067,666	3,973	4,058
Snam SPA	295,826	2,121	2,247
Japan			
Kamigumi Co. Ltd.	155,373	4,049	3,712
Nippon Gas Co. Ltd.	155,351	3,458	2,605
Nippon Telegraph & Telephone Corp.	51,900	1,798	1,795
The Sumitomo Warehouse Co. Ltd.	107,224	1,947	2,290
Tokyo Gas Co. Ltd.	313,000	6,843	7,115

Global Infrastructure Equity Fund 6.70L

Schedule of Investment Portfolio

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

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Luxembourg			
Millicom International Cellular SA	59,910	2,869	2,145
Marshall Islands			
Dorian LPG Ltd.	111,646	1,983	1,792
Mexico			
Grupo Aeroportuario del Centro Norte SAB de CV ADR	33,382	2,153	2,267
Grupo Aeroportuario del Pacifico SAB de CV ADR	40,700	6,235	7,078
Grupo Aeroportuario del Sureste SAB de CV ADR	27,955	6,618	7,291
New Zealand			
Auckland International Airport Ltd.	1,360,244	8,315	9,064
Contact Energy Ltd.	626,263	4,233	4,390
Norway			
Telenor ASA	233,134	5,032	4,637
Portugal			
Redes Energeticas Nacionais SGPS SA	357,329	1,295	1,309
Singapore			
Hutchison Port Holdings Trust Unit	6,897,134	1,924	1,963
Spain			
Acciona SA	12,440	2,612	2,997
Aena SM	56,717	11,651	11,324
Iberdrola SA	528,694	5,860	7,831
Switzerland			
BKW AG	22,403	3,094	3,674
Flughafen Zuerich AG	20,330	4,358	4,625

Global Infrastructure Equity Fund 6.70L

Schedule of Investment Portfolio

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

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Global Common Stock (continued)			
United Kingdom			
Airtel Africa PLC	730,765	1,652	1,672
Liberty Global PLC Class A	321,954	10,986	11,298
National Grid PLC	84,605	1,301	1,535
SSE PLC	343,378	8,500	9,692
Total Global Common Stock		260,668	269,765
Total Stocks		479,278	513,707
Transaction Costs (see notes to financial statements (note 2))		(781)	
Total Investments		478,497	513,707

Global Infrastructure Equity Fund 6.70L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Global Infrastructure Equity Fund 6.70L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

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

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

B. Liquidity Risk

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

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

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

C. Currency Risk

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

Global Infrastructure Equity Fund 6.70L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

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

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 224,879	\$ 570	\$ 225,449	\$ 2,254
Euro	106,911	—	106,911	1,069
Australian Dollar	43,517	32	43,549	435
Other Currencies	83,002	—	83,002	831
Total	\$ 458,309	\$ 602	\$ 458,911	\$ 4,589
As Percent of Net Assets Attributable to Contractholders				89.0%
				0.9%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 180,162	\$ 11,982	\$ 192,144	\$ 1,921
Euro	114,598	68	114,666	1,147
Australian Dollar	51,754	—	51,754	518
Japanese Yen	36,253	—	36,253	363
Other Currencies	71,212	2,135	73,347	733
Total	\$ 453,979	\$ 14,185	\$ 468,164	\$ 4,682
As Percent of Net Assets Attributable to Contractholders				89.8%
				0.9%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

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

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$5,137 (\$4,972 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Global Infrastructure Equity Fund 6.70L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

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

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 410,326	\$ 103,381	\$ —	\$ 513,707
Total assets measured at fair value	\$ 410,326	\$ 103,381	\$ —	\$ 513,707

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 236,043	\$ 261,138	\$ —	\$ 497,181
Total assets measured at fair value	\$ 236,043	\$ 261,138	\$ —	\$ 497,181

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

Global Infrastructure Equity Fund 6.70L

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	545,552	504,543	610,711	515,345	596,790	11,164	9,334	12,314	8,870	10,369
75/75 guarantee policy	294,982	373,454	445,815	461,263	465,453	5,184	6,111	8,190	7,449	7,819
75/100 guarantee policy	1,032,495	1,208,054	1,389,491	1,382,548	1,297,159	17,592	19,229	24,914	21,867	21,405
100/100 guarantee policy	47,710	57,101	62,216	65,779	52,626	780	875	1,078	1,009	845
PS1 75/75 guarantee policy	145,280	168,698	191,409	178,998	177,012	2,707	2,914	3,695	3,023	3,095
PS1 75/100 guarantee policy	686,751	783,712	922,864	845,317	792,920	12,390	13,149	17,362	13,964	13,603
PS1 100/100 guarantee policy	36,509	35,194	35,707	45,951	36,575	631	568	649	737	612
PS2 75/75 guarantee policy	46,078	59,147	71,609	78,819	116,941	1,095	1,270	1,675	1,573	2,356
PS2 75/100 guarantee policy	66,027	88,105	108,229	111,856	109,636	1,569	1,892	2,532	2,233	2,209
PS2 100/100 guarantee policy	42,468	45,879	47,993	49,411	6,980	1,009	985	1,123	987	141
PS 75/75 guarantee policy	6,037	8,346	6,985	687	—	66	83	78	7	—
PS 75/100 guarantee policy	6,841	3,415	4,413	1,135	—	73	34	49	11	—
PPS 75/75 guarantee policy	12,516	7,783	6,856	—	—	138	79	77	—	—
PPS 75/100 guarantee policy	6,465	11,327	8,941	—	—	71	114	99	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	20.46	18.50	20.16	17.21	17.37	1.96	(1.66)
75/75 guarantee policy	17.57	16.36	18.37	16.15	16.80	1.21	(2.01)
75/100 guarantee policy	17.04	15.92	17.93	15.82	16.50	1.12	(2.01)
100/100 guarantee policy	16.35	15.33	17.32	15.33	16.05	1.02	(1.99)
PS1 75/75 guarantee policy	18.64	17.27	19.30	16.89	17.48	1.37	(2.03)
PS1 75/100 guarantee policy	18.04	16.78	18.81	16.52	17.16	1.26	(2.03)
PS1 100/100 guarantee policy	17.28	16.14	18.18	16.04	16.73	1.14	(2.04)
PS2 75/75 guarantee policy	23.76	21.47	23.40	19.96	20.14	2.29	(1.93)
PS2 75/100 guarantee policy	23.76	21.47	23.40	19.96	20.14	2.29	(1.93)
PS2 100/100 guarantee policy	23.76	21.47	23.40	19.97	20.15	2.29	(1.93)
PS 75/75 guarantee policy	10.87	10.00	11.10	9.65	—	0.87	(1.10)
PS 75/100 guarantee policy	10.74	9.92	11.05	9.64	—	0.82	(1.13)
PPS 75/75 guarantee policy	11.04	10.12	11.18	—	—	0.92	(1.06)
PPS 75/100 guarantee policy	10.91	10.03	11.13	—	—	0.88	(1.10)

Global Infrastructure Equity Fund 6.70L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Changes in Accounting Policies

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

b) Use of Estimates, Significant Accounting Judgments and Assumptions

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

Global Infrastructure Equity Fund 6.70L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

Global Infrastructure Equity Fund 6.70L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

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

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

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

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

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

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

Global Infrastructure Equity Fund 6.70L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

d) Stocks

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

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

e) Cash, Short-term Deposits and Overdrafts

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

Global Infrastructure Equity Fund 6.70L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

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

g) **Recognition of Investments and Income**

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

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

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

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

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

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

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

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

Foreign currency

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

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

Miscellaneous income (loss)

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

Global Infrastructure Equity Fund 6.70L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

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

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

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

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

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

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

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

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

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

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

k) **Other Expenses**

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

l) **Income Allocation**

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

m) **Issue and Redemption of Units**

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

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

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

Global Infrastructure Equity Fund 6.70L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

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

3. DESCRIPTION OF UNITS

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

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

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

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

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

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

Global Infrastructure Equity Fund 6.70L

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

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

5. INCOME TAXES

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

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

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

Global Infrastructure Equity Fund 6.70L

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

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

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

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

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

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

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

Global Infrastructure Equity Fund 6.70L

Supplemental Information *(unaudited)*

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.99	2.99	2.99	3.04	3.10
75/100 guarantee policy	3.33	3.33	3.33	3.34	3.33
100/100 guarantee policy	3.67	3.67	3.67	3.67	3.68
PS1 75/75 guarantee policy	2.53	2.53	2.53	2.54	2.53
PS1 75/100 guarantee policy	2.87	2.87	2.87	2.88	2.87
PS1 100/100 guarantee policy	3.31	3.32	3.32	3.32	3.31
PS 75/75 guarantee policy	1.87	1.86	1.86	1.86	—
PS 75/100 guarantee policy	2.19	2.20	2.20	2.20	—
PPS 75/75 guarantee policy	1.40	1.41	1.41	—	—
PPS 75/100 guarantee policy	1.75	1.74	1.74	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	131.86	97.04	91.11	87.7	89.36

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

BALANCED INCOME FUND 6.47CI

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Income Fund 6.47CI (the "Fund")

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Income Fund 6.47CI

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	29,128	28,285
Total investments	29,128	28,285
Total assets	\$ 29,128	\$ 28,285
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 29,128	\$ 28,285

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 3,478	\$ 2,961
Miscellaneous income (loss)	—	—
Total income	3,478	2,961
Expenses		
Management fees (note 8)	714	688
Other	80	77
Total expenses	794	765
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 2,684	\$ 2,196

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 28,285	\$ 28,994
Contractholder deposits	983	489
Contractholder withdrawals	(2,824)	(3,394)
Increase (decrease) in net assets from operations attributable to contractholders	2,684	2,196
Change in net assets attributable to contractholders	843	(709)
Net assets attributable to contractholders - end of year	\$ 29,128	\$ 28,285

Balanced Income Fund 6.47CI

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 2,684	\$ 2,196
Adjustments		
Realized (gains) losses	(1,744)	(1,887)
Unrealized (gains) losses	(1,734)	(1,074)
Gross proceeds of disposition of investments	3,785	5,867
Gross payments for the purchase of investments	(1,150)	(2,197)
	<u>1,841</u>	<u>2,905</u>
Financing Activities		
Contractholder deposits	983	489
Contractholder withdrawals	(2,824)	(3,394)
	<u>(1,841)</u>	<u>(2,905)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Balanced Income Fund 6.47CI

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 6.63CI	10,136	12,961
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 0.50% 11-01-2023	5.95%	
Province of Ontario 1.75% 09-08-2025	3.60%	
Province of Ontario 2.60% 06-02-2025	3.35%	
Government of Canada 2.00% 12-01-2051	3.08%	
Government of Canada 0.25% 11-01-2022	2.96%	
Canadian Large Cap Equity Index Fund 6.73G	1,292	2,431
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
Canadian Value Fund 6.65CI	3,594	7,310
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	5.35%	
Dollarama Inc.	4.69%	
Alphabet Inc. Class A	4.44%	
Brookfield Asset Management Inc.	4.29%	
The Bank of Nova Scotia	4.20%	
Global Equity Fund 6.67CI	2,064	4,825
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.68%	
Cash and short-term deposits	3.94%	
Alphabet Inc. Class A	3.37%	
Apple Inc.	3.26%	
Amazon.com Inc.	2.36%	
U.S. Equity Index Fund 6.74G	592	1,601
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	
Total Investments	17,678	29,128

Balanced Income Fund 6.47CI

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	148,257	156,876	169,564	179,318	218,722	2,850	2,754	2,753	2,563	3,300
75/100 guarantee policy	826,646	904,304	1,024,709	1,116,253	1,220,852	15,784	15,780	16,545	15,873	18,338
100/100 guarantee policy	22,601	31,892	39,689	46,740	38,172	424	548	632	657	568
PS1 75/75 guarantee policy	77,520	76,727	78,609	104,553	85,005	1,466	1,317	1,241	1,445	1,233
PS1 75/100 guarantee policy	372,616	370,192	433,185	478,004	536,856	7,007	6,325	6,810	6,580	7,762
PS1 100/100 guarantee policy	13,231	13,208	20,772	18,361	18,766	245	222	322	250	269
PS2 75/75 guarantee policy	1,535	5,005	4,827	1,562	10,132	36	106	91	25	168
PS2 75/100 guarantee policy	22,222	22,677	27,989	35,067	101,134	529	478	530	568	1,677
PS 75/75 guarantee policy	216	16,487	3,861	3,456	—	3	194	42	32	—
PS 75/100 guarantee policy	1,475	1,487	1,058	650	—	19	18	12	6	—
PPS 75/100 guarantee policy	57,609	45,463	1,461	—	—	765	543	16	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	19.22	17.56	16.24	14.29	15.09	1.66	1.32
75/100 guarantee policy	19.09	17.45	16.15	14.22	15.02	1.64	1.30
100/100 guarantee policy	18.78	17.19	15.93	14.05	14.87	1.59	1.26
PS1 75/75 guarantee policy	18.91	17.17	15.79	13.82	14.50	1.74	1.38
PS1 75/100 guarantee policy	18.81	17.09	15.72	13.77	14.46	1.72	1.37
PS1 100/100 guarantee policy	18.50	16.84	15.52	13.61	14.32	1.66	1.32
PS2 75/75 guarantee policy	23.79	21.09	18.94	16.18	16.59	2.70	2.15
PS2 75/100 guarantee policy	23.79	21.09	18.94	16.18	16.59	2.70	2.15
PS 75/75 guarantee policy	13.05	11.79	10.78	9.38	—	1.26	1.01
PS 75/100 guarantee policy	13.02	11.77	10.77	9.38	—	1.25	1.00
PPS 75/100 guarantee policy	13.29	11.94	10.86	—	—	1.35	1.08

Balanced Income Fund 6.47CI

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Income Fund 6.47CI (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Changes in Accounting Policies

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

b) Use of Estimates, Significant Accounting Judgments and Assumptions

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

Balanced Income Fund 6.47CI

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

Balanced Income Fund 6.47CI

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

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

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

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

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

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

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

Balanced Income Fund 6.47CI

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

d) Investment Fund Units

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

e) Cash, Short-term Deposits and Overdrafts

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

f) Classification of Units Issued by the Fund

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

Balanced Income Fund 6.47CI

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

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

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

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

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

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

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

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

Foreign currency

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

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

h) Offsetting of Financial Instruments

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

Balanced Income Fund 6.47CI

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

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

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

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

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

j) Amounts Due to/from Outside Parties

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

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

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

k) Other Expenses

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

l) Income Allocation

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

m) Issue and Redemption of Units

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

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

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

Balanced Income Fund 6.47CI

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

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

4. DESCRIPTION OF UNITS

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

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

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

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

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

Balanced Income Fund 6.47CI

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

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

6. INCOME TAXES

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

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

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

Balanced Income Fund 6.47CI

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

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

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

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

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

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Income Fund 6.47CI

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

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

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

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

c) Currency Risk

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

d) Interest Rate Risk

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

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

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

Balanced Income Fund 6.47CI

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Income Fund 6.47CI

Supplemental Information *(unaudited)*

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.97	2.97	2.96	2.97	2.96
75/100 guarantee policy	3.02	3.02	3.02	3.02	3.02
100/100 guarantee policy	3.19	3.18	3.18	3.17	3.18
PS1 75/75 guarantee policy	2.39	2.39	2.39	2.39	2.39
PS1 75/100 guarantee policy	2.45	2.45	2.44	2.45	2.44
PS1 100/100 guarantee policy	2.61	2.61	2.61	2.61	2.61
PS 75/75 guarantee policy	1.86	1.84	1.85	1.84	—
PS 75/100 guarantee policy	1.91	1.91	1.92	1.90	—
PPS 75/100 guarantee policy	1.33	1.32	1.34	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	4.00	7.94	4.26	9.83	8.22

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

CORE BALANCED FUND 6.48L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Core Balanced Fund 6.48L (the "Fund")

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Core Balanced Fund 6.48L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	90,523	89,259
Total investments	90,523	89,259
Total assets	\$ 90,523	\$ 89,259
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 90,523	\$ 89,259

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 11,583	\$ 6,066
Miscellaneous income (loss)	—	—
Total income	11,583	6,066
Expenses		
Management fees (note 8)	2,135	2,124
Other	247	248
Total expenses	2,382	2,372
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 9,201	\$ 3,694

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 89,259	\$ 95,884
Contractholder deposits	1,909	1,567
Contractholder withdrawals	(9,846)	(11,886)
Increase (decrease) in net assets from operations attributable to contractholders	9,201	3,694
Change in net assets attributable to contractholders	1,264	(6,625)
Net assets attributable to contractholders - end of year	\$ 90,523	\$ 89,259

Core Balanced Fund 6.48L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 9,201	\$ 3,694
Adjustments		
Realized (gains) losses	(6,496)	(5,798)
Unrealized (gains) losses	(5,087)	(268)
Gross proceeds of disposition of investments	14,273	17,813
Gross payments for the purchase of investments	(3,954)	(5,122)
	<u>7,937</u>	<u>10,319</u>
Financing Activities		
Contractholder deposits	1,909	1,567
Contractholder withdrawals	(9,846)	(11,886)
	<u>(7,937)</u>	<u>(10,319)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Core Balanced Fund 6.48L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	Average Cost	Fair Value
Investment Fund Units		
Bond Fund	27,879	36,117
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund (S002) 4.00LAK	4,014	8,184
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Large Cap Equity Index Fund 6.73G	3,997	8,177
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
Dividend Fund 2.03L	8,698	16,400
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
Global Equity Fund (S034) 4.03SAM	2,110	5,400
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.81%	
Alphabet Inc. Class A	3.37%	
Berkshire Hathaway Inc. Class B	3.06%	
Johnson Controls International PLC	2.82%	
McDonald's Corp.	2.78%	

Core Balanced Fund 6.48L
Schedule of Investment Portfolio
(in Canadian \$ thousands)

As at December 31, 2021

	Average Cost	Fair Value
Investment Fund Units (continued)		
International Equity Fund 2.53UBS	3,569	5,412
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Sony Group Corp.	3.24%	
Diageo PLC	2.95%	
AstraZeneca PLC	2.44%	
Lonza Group AG	2.35%	
Linde PLC [EUR]	2.34%	
U.S. Equity Fund 2.24G	840	2,717
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Equity Index Fund 6.74G	1,474	5,407
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	
U.S. Value Equity Fund (\$178) 4.11L	1,323	2,709
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	53,904	90,523

Core Balanced Fund 6.48L

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	697,763	779,218	873,004	927,378	995,841	13,543	13,673	14,676	13,952	15,815
75/100 guarantee policy	2,867,451	3,153,367	3,627,750	4,186,811	4,377,208	55,295	55,004	60,656	62,685	69,215
100/100 guarantee policy	27,375	30,408	52,033	54,842	73,329	517	520	854	808	1,143
PS1 75/75 guarantee policy	278,714	312,377	259,114	268,013	237,469	5,202	5,240	4,140	3,810	3,542
PS1 75/100 guarantee policy	752,647	786,823	845,812	968,277	920,604	13,972	13,135	13,455	13,712	13,687
PS1 100/100 guarantee policy	2,843	3,240	3,267	3,551	500	52	53	51	50	7
PS2 75/75 guarantee policy	33,915	36,024	56,032	34,535	33,410	781	729	1,057	567	563
PS2 75/100 guarantee policy	26,588	28,194	32,648	34,996	36,952	612	572	616	575	623
PS 75/75 guarantee policy	3,324	3,341	5,895	—	—	42	38	63	—	—
PS 75/100 guarantee policy	27,227	17,167	20,098	—	—	341	192	213	—	—
PPS 75/75 guarantee policy	8,712	—	—	—	—	112	—	—	—	—
PPS 75/100 guarantee policy	4,250	9,062	9,578	5,012	—	54	103	103	47	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	19.41	17.55	16.81	15.05	15.88	1.86	0.74
75/100 guarantee policy	19.28	17.44	16.72	14.97	15.81	1.84	0.72
100/100 guarantee policy	18.88	17.10	16.42	14.73	15.58	1.78	0.68
PS1 75/75 guarantee policy	18.67	16.78	15.98	14.21	14.92	1.89	0.80
PS1 75/100 guarantee policy	18.56	16.69	15.91	14.16	14.87	1.87	0.78
PS1 100/100 guarantee policy	18.27	16.46	15.71	14.01	14.73	1.81	0.75
PS2 75/75 guarantee policy	23.02	20.24	18.87	16.42	16.86	2.78	1.37
PS2 75/100 guarantee policy	23.02	20.25	18.87	16.42	16.86	2.77	1.38
PS 75/75 guarantee policy	12.55	11.22	10.63	—	—	1.33	0.59
PS 75/100 guarantee policy	12.53	11.20	10.62	—	—	1.33	0.58
PPS 75/75 guarantee policy	12.81	—	—	—	—	1.43	—
PPS 75/100 guarantee policy	12.78	11.37	10.71	9.43	—	1.41	0.66

Core Balanced Fund 6.48L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Balanced Fund 6.48L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Changes in Accounting Policies

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

b) Use of Estimates, Significant Accounting Judgments and Assumptions

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

Core Balanced Fund 6.48L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

Core Balanced Fund 6.48L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

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

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

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

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

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

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

Core Balanced Fund 6.48L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

d) Investment Fund Units

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

e) Cash, Short-term Deposits and Overdrafts

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

f) Classification of Units Issued by the Fund

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

Core Balanced Fund 6.48L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

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

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

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

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

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

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

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

Foreign currency

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

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

h) Offsetting of Financial Instruments

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

Core Balanced Fund 6.48L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

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

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

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

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

j) Amounts Due to/from Outside Parties

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

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

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

k) Other Expenses

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

l) Income Allocation

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

m) Issue and Redemption of Units

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

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

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

Core Balanced Fund 6.48L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

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

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

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

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

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

Core Balanced Fund 6.48L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

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

6. INCOME TAXES

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

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

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

Core Balanced Fund 6.48L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

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

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

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

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

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Balanced Fund 6.48L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

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

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

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

c) Currency Risk

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

d) Interest Rate Risk

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

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

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

Core Balanced Fund 6.48L
Notes to the Financial Statements
(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Balanced Fund 6.48L

Supplemental Information *(unaudited)*

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.76	2.77	2.78	2.79	2.78
75/100 guarantee policy	2.82	2.82	2.84	2.85	2.84
100/100 guarantee policy	2.98	2.98	2.99	3.01	2.99
PS1 75/75 guarantee policy	2.18	2.18	2.19	2.19	2.18
PS1 75/100 guarantee policy	2.23	2.23	2.24	2.25	2.24
PS1 100/100 guarantee policy	2.40	2.40	2.41	2.39	2.43
PS 75/75 guarantee policy	1.65	1.66	1.64	—	—
PS 75/100 guarantee policy	1.70	1.71	1.71	—	—
PPS 75/75 guarantee policy	1.05	—	—	—	—
PPS 75/100 guarantee policy	1.13	1.12	1.12	1.12	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	4.39	5.93	1.83	6.79	7.86

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

CORE BALANCED GROWTH PLUS FUND 6.49L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Core Balanced Growth Plus Fund 6.49L (the "Fund")

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Core Balanced Growth Plus Fund 6.49L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	108,162	99,095
Total investments	108,162	99,095
Total assets	\$ 108,162	\$ 99,095
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 108,162	\$ 99,095

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 16,012	\$ 6,302
Miscellaneous income (loss)	—	—
Total income	16,012	6,302
Expenses		
Management fees (note 8)	2,598	2,457
Other	292	277
Total expenses	2,890	2,734
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 13,122	\$ 3,568

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 99,095	\$ 108,840
Contractholder deposits	5,694	2,532
Contractholder withdrawals	(9,749)	(15,845)
Increase (decrease) in net assets from operations attributable to contractholders	13,122	3,568
Change in net assets attributable to contractholders	9,067	(9,745)
Net assets attributable to contractholders - end of year	\$ 108,162	\$ 99,095

Core Balanced Growth Plus Fund 6.49L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 13,122	\$ 3,568
Adjustments		
Realized (gains) losses	(6,767)	(7,165)
Unrealized (gains) losses	(9,245)	863
Gross proceeds of disposition of investments	14,826	24,768
Gross payments for the purchase of investments	(7,881)	(8,721)
	<u>4,055</u>	<u>13,313</u>
Financing Activities		
Contractholder deposits	5,694	2,532
Contractholder withdrawals	(9,749)	(15,845)
	<u>(4,055)</u>	<u>(13,313)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Core Balanced Growth Plus Fund 6.49L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	Average Cost	Fair Value
Investment Fund Units		
Bond Fund	26,456	32,313
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
 Canadian Equity Fund (S002) 4.00LAK	 5,739	 11,390
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
 Canadian Large Cap Equity Index Fund 6.73G	 5,633	 11,359
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
 Dividend Fund 2.03L	 12,284	 22,915
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
 Global Equity Fund (S034) 4.03SAM	 3,120	 7,566
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.81%	
Alphabet Inc. Class A	3.37%	
Berkshire Hathaway Inc. Class B	3.06%	
Johnson Controls International PLC	2.82%	
McDonald's Corp.	2.78%	

Core Balanced Growth Plus Fund 6.49L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Fund 2.53UBS	5,032	7,482
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Sony Group Corp.	3.24%	
Diageo PLC	2.95%	
AstraZeneca PLC	2.44%	
Lonza Group AG	2.35%	
Linde PLC [EUR]	2.34%	
U.S. Equity Fund 2.24G	1,256	3,791
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Equity Index Fund 6.74G	2,209	7,551
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	
U.S. Value Equity Fund (S178) 4.11L	1,915	3,795
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	63,644	108,162

Core Balanced Growth Plus Fund 6.49L

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	963,296	951,906	1,052,729	1,074,697	1,022,349	20,081	17,512	18,565	16,784	16,991
75/100 guarantee policy	3,107,254	3,293,492	3,851,119	4,154,811	4,283,149	64,350	60,227	67,545	64,570	70,875
100/100 guarantee policy	33,262	29,322	53,066	53,924	48,720	677	528	917	827	797
PS1 75/75 guarantee policy	245,701	258,949	213,100	238,721	205,366	4,949	4,576	3,589	3,540	3,221
PS1 75/100 guarantee policy	795,039	799,418	969,665	936,184	889,394	15,929	14,061	16,262	13,830	13,907
PS1 100/100 guarantee policy	22,758	21,303	20,220	23,955	25,738	449	369	335	350	399
PS2 75/75 guarantee policy	14,098	19,825	12,999	28,134	21,605	353	426	260	485	385
PS2 75/100 guarantee policy	19,483	35,908	37,155	33,848	13,277	489	772	744	583	237
PS 75/75 guarantee policy	4,366	5,130	9,571	4,034	—	56	57	102	38	—
PS 75/100 guarantee policy	52,595	40,954	46,488	13,531	—	674	458	494	126	—
PS 100/100 guarantee policy	2,527	2,549	2,573	—	—	32	28	27	—	—
PPS 75/75 guarantee policy	6,420	5,654	—	—	—	84	64	—	—	—
PPS 75/100 guarantee policy	2,987	1,536	—	—	—	39	17	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	20.85	18.40	17.63	15.62	16.62	2.45	0.77
75/100 guarantee policy	20.71	18.29	17.54	15.54	16.55	2.42	0.75
100/100 guarantee policy	20.35	17.99	17.28	15.34	16.36	2.36	0.71
PS1 75/75 guarantee policy	20.14	17.67	16.84	14.83	15.69	2.47	0.83
PS1 75/100 guarantee policy	20.04	17.59	16.77	14.77	15.64	2.45	0.82
PS1 100/100 guarantee policy	19.72	17.34	16.56	14.61	15.49	2.38	0.78
PS2 75/75 guarantee policy	25.07	21.50	20.03	17.24	17.82	3.57	1.47
PS2 75/100 guarantee policy	25.08	21.50	20.03	17.24	17.82	3.58	1.47
PS 75/75 guarantee policy	12.84	11.21	10.62	9.30	—	1.63	0.59
PS 75/100 guarantee policy	12.81	11.19	10.61	9.30	—	1.62	0.58
PS 100/100 guarantee policy	12.74	11.15	10.59	—	—	1.59	0.56
PPS 75/75 guarantee policy	13.10	11.37	—	—	—	1.73	0.66
PPS 75/100 guarantee policy	13.08	11.35	—	—	—	1.73	0.64

Core Balanced Growth Plus Fund 6.49L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Balanced Growth Plus Fund 6.49L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Changes in Accounting Policies

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

b) Use of Estimates, Significant Accounting Judgments and Assumptions

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

Core Balanced Growth Plus Fund 6.49L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

Core Balanced Growth Plus Fund 6.49L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

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

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

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

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

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

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

Core Balanced Growth Plus Fund 6.49L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

d) Investment Fund Units

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

e) Cash, Short-term Deposits and Overdrafts

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

f) Classification of Units Issued by the Fund

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

Core Balanced Growth Plus Fund 6.49L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

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

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

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

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

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

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

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

Foreign currency

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

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

h) Offsetting of Financial Instruments

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

Core Balanced Growth Plus Fund 6.49L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

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

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

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

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

j) Amounts Due to/from Outside Parties

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

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

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

k) Other Expenses

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

l) Income Allocation

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

m) Issue and Redemption of Units

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

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

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

Core Balanced Growth Plus Fund 6.49L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

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

4. DESCRIPTION OF UNITS

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

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

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

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

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

Core Balanced Growth Plus Fund 6.49L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

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

6. INCOME TAXES

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

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

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

Core Balanced Growth Plus Fund 6.49L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

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

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

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

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

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Balanced Growth Plus Fund 6.49L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

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

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

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

c) Currency Risk

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

d) Interest Rate Risk

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

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

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

Core Balanced Growth Plus Fund 6.49L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Balanced Growth Plus Fund 6.49L

Supplemental Information *(unaudited)*

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.86	2.87	2.87	2.88	2.87
75/100 guarantee policy	2.92	2.93	2.93	2.94	2.92
100/100 guarantee policy	3.08	3.09	3.08	3.09	3.08
PS1 75/75 guarantee policy	2.28	2.28	2.28	2.29	2.28
PS1 75/100 guarantee policy	2.33	2.34	2.34	2.35	2.33
PS1 100/100 guarantee policy	2.50	2.50	2.51	2.52	2.49
PS 75/75 guarantee policy	1.76	1.76	1.76	1.75	—
PS 75/100 guarantee policy	1.81	1.81	1.81	1.81	—
PS 100/100 guarantee policy	1.97	1.97	1.97	—	—
PPS 75/75 guarantee policy	1.17	1.16	—	—	—
PPS 75/100 guarantee policy	1.22	1.22	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	7.58	8.82	3.65	6.97	6.17

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

CORE CONSERVATIVE GROWTH FUND 6.50L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Core Conservative Growth Fund 6.50L (the "Fund")

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Core Conservative Growth Fund 6.50L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	103,322	115,362
Total investments	103,322	115,362
Total assets	\$ 103,322	\$ 115,362
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 103,322	\$ 115,362

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 5,499	\$ 9,122
Miscellaneous income (loss)	—	—
Total income	5,499	9,122
Expenses		
Management fees (note 8)	2,216	2,357
Other	248	269
Total expenses	2,464	2,626
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 3,035	\$ 6,496

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 115,362	\$ 117,063
Contractholder deposits	276	7,451
Contractholder withdrawals	(15,351)	(15,648)
Increase (decrease) in net assets from operations attributable to contractholders	3,035	6,496
Change in net assets attributable to contractholders	(12,040)	(1,701)
Net assets attributable to contractholders - end of year	\$ 103,322	\$ 115,362

Core Conservative Growth Fund 6.50L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 3,035	\$ 6,496
Adjustments		
Realized (gains) losses	(5,833)	(4,920)
Unrealized (gains) losses	334	(4,202)
Gross proceeds of disposition of investments	22,191	28,116
Gross payments for the purchase of investments	(4,652)	(17,293)
	15,075	8,197
Financing Activities		
Contractholder deposits	276	7,451
Contractholder withdrawals	(15,351)	(15,648)
	(15,075)	(8,197)
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	\$ —	\$ —

Core Conservative Growth Fund 6.50L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	Average Cost	Fair Value
Investment Fund Units		
Bond Fund	60,431	72,414
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund (S002) 4.00LAK	2,887	4,643
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Large Cap Equity Index Fund 6.73G	2,764	4,642
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
Dividend Fund 2.03L	5,766	9,303
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
Global Equity Fund (S034) 4.03SAM	1,821	3,079
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.81%	
Alphabet Inc. Class A	3.37%	
Berkshire Hathaway Inc. Class B	3.06%	
Johnson Controls International PLC	2.82%	
McDonald's Corp.	2.78%	

Core Conservative Growth Fund 6.50L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Fund 2.53UBS	2,198	3,082
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Sony Group Corp.	3.24%	
Diageo PLC	2.95%	
AstraZeneca PLC	2.44%	
Lonza Group AG	2.35%	
Linde PLC [EUR]	2.34%	
U.S. Equity Fund 2.24G	777	1,542
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Equity Index Fund 6.74G	1,491	3,075
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	
U.S. Value Equity Fund (S178) 4.11L	1,024	1,542
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	79,159	103,322

Core Conservative Growth Fund 6.50L

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	751,124	1,020,019	1,268,790	1,147,562	1,176,364	11,906	15,718	18,431	15,399	16,274
75/100 guarantee policy	3,466,661	3,943,229	4,320,968	3,935,332	4,166,892	54,613	60,425	62,454	52,574	57,419
100/100 guarantee policy	92,387	101,295	132,232	135,889	138,490	1,429	1,526	1,882	1,790	1,884
PS1 75/75 guarantee policy	325,006	348,446	392,459	376,392	381,209	4,837	5,019	5,305	4,680	4,864
PS1 75/100 guarantee policy	1,742,465	1,872,368	1,774,773	1,206,629	1,269,516	25,797	26,844	23,894	14,949	16,150
PS1 100/100 guarantee policy	71,962	86,866	75,729	64,117	21,942	1,048	1,227	1,007	786	277
PS2 75/75 guarantee policy	17,563	13,933	22,179	22,634	29,577	317	239	349	321	422
PS2 75/100 guarantee policy	117,171	172,715	146,547	122,570	34,944	2,115	2,958	2,308	1,741	499
PS 75/75 guarantee policy	6,559	30,939	37,359	26,680	—	78	353	397	259	—
PS 75/100 guarantee policy	82,033	73,749	76,251	14,034	—	971	840	810	136	—
PS 100/100 guarantee policy	5,063	5,374	3,877	—	—	60	61	41	—	—
PPS 75/75 guarantee policy	367	850	4,547	46,150	—	4	10	49	449	—
PPS 75/100 guarantee policy	12,262	12,350	12,734	—	—	147	142	136	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	15.85	15.41	14.53	13.42	13.83	0.44	0.88
75/100 guarantee policy	15.75	15.32	14.45	13.36	13.78	0.43	0.87
100/100 guarantee policy	15.46	15.06	14.23	13.17	13.61	0.40	0.83
PS1 75/75 guarantee policy	14.88	14.40	13.52	12.43	12.76	0.48	0.88
PS1 75/100 guarantee policy	14.80	14.34	13.46	12.39	12.72	0.46	0.88
PS1 100/100 guarantee policy	14.57	14.13	13.29	12.25	12.60	0.44	0.84
PS2 75/75 guarantee policy	18.05	17.12	15.75	14.20	14.28	0.93	1.37
PS2 75/100 guarantee policy	18.05	17.12	15.75	14.20	14.28	0.93	1.37
PS 75/75 guarantee policy	11.87	11.41	10.63	9.72	—	0.46	0.78
PS 75/100 guarantee policy	11.84	11.39	10.63	9.71	—	0.45	0.76
PS 100/100 guarantee policy	11.78	11.35	10.60	—	—	0.43	0.75
PPS 75/75 guarantee policy	12.05	11.53	10.70	9.74	—	0.52	0.83
PPS 75/100 guarantee policy	12.03	11.52	10.70	—	—	0.51	0.82

Core Conservative Growth Fund 6.50L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Conservative Growth Fund 6.50L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Changes in Accounting Policies

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

b) Use of Estimates, Significant Accounting Judgments and Assumptions

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

Core Conservative Growth Fund 6.50L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

Core Conservative Growth Fund 6.50L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

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

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

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

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

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

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

Core Conservative Growth Fund 6.50L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

d) Investment Fund Units

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

e) Cash, Short-term Deposits and Overdrafts

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

f) Classification of Units Issued by the Fund

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

Core Conservative Growth Fund 6.50L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

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

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

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

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

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

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

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

Foreign currency

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

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

h) Offsetting of Financial Instruments

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

Core Conservative Growth Fund 6.50L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

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

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

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

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

j) Amounts Due to/from Outside Parties

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

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

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

k) Other Expenses

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

l) Income Allocation

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

m) Issue and Redemption of Units

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

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

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

Core Conservative Growth Fund 6.50L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

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

4. DESCRIPTION OF UNITS

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

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

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

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

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

Core Conservative Growth Fund 6.50L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

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

6. INCOME TAXES

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

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

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

Core Conservative Growth Fund 6.50L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

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

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

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

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

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as “Due from (to) The Canada Life Assurance Company” represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Conservative Growth Fund 6.50L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

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

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

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

c) Currency Risk

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

d) Interest Rate Risk

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

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

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

Core Conservative Growth Fund 6.50L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Conservative Growth Fund 6.50L

Supplemental Information *(unaudited)*

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.45	2.45	2.46	2.47	2.45
75/100 guarantee policy	2.50	2.50	2.52	2.52	2.51
100/100 guarantee policy	2.64	2.65	2.66	2.67	2.66
PS1 75/75 guarantee policy	2.00	2.01	2.01	2.02	2.01
PS1 75/100 guarantee policy	2.06	2.06	2.07	2.08	2.06
PS1 100/100 guarantee policy	2.23	2.23	2.24	2.22	2.24
PS 75/75 guarantee policy	1.36	1.34	1.34	1.34	—
PS 75/100 guarantee policy	1.39	1.39	1.39	1.39	—
PS 100/100 guarantee policy	1.53	1.53	1.54	—	—
PPS 75/75 guarantee policy	0.89	0.89	0.89	0.89	—
PPS 75/100 guarantee policy	0.94	0.95	0.95	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	4.32	15.23	8.82	11	11.2

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

CORE MODERATE FUND 6.51L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Core Moderate Fund 6.51L (the "Fund")

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Core Moderate Fund 6.51L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	38,265	40,789
Total investments	38,265	40,789
Total assets	\$ 38,265	\$ 40,789
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 38,265	\$ 40,789

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 3,012	\$ 3,245
Miscellaneous income (loss)	—	—
Total income	3,012	3,245
Expenses		
Management fees (note 8)	847	921
Other	102	111
Total expenses	949	1,032
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 2,063	\$ 2,213

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 40,789	\$ 43,966
Contractholder deposits	633	359
Contractholder withdrawals	(5,220)	(5,749)
Increase (decrease) in net assets from operations attributable to contractholders	2,063	2,213
Change in net assets attributable to contractholders	(2,524)	(3,177)
Net assets attributable to contractholders - end of year	\$ 38,265	\$ 40,789

Core Moderate Fund 6.51L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 2,063	\$ 2,213
Adjustments		
Realized (gains) losses	(2,322)	(2,459)
Unrealized (gains) losses	(690)	(786)
Gross proceeds of disposition of investments	7,916	12,407
Gross payments for the purchase of investments	(2,380)	(5,985)
	<u>4,587</u>	<u>5,390</u>
Financing Activities		
Contractholder deposits	633	359
Contractholder withdrawals	(5,220)	(5,749)
	<u>(4,587)</u>	<u>(5,390)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Core Moderate Fund 6.51L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	Average Cost	Fair Value
Investment Fund Units		
Bond Fund	18,859	22,890
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund (S002) 4.00LAK	1,393	2,310
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Large Cap Equity Index Fund 6.73G	1,340	2,304
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
Dividend Fund 2.03L	2,844	4,641
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
Global Equity Fund (S034) 4.03SAM	901	1,528
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.81%	
Alphabet Inc. Class A	3.37%	
Berkshire Hathaway Inc. Class B	3.06%	
Johnson Controls International PLC	2.82%	
McDonald's Corp.	2.78%	

Core Moderate Fund 6.51L
Schedule of Investment Portfolio
(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Fund 2.53UBS	1,105	1,534
<i><u>Top 5 Holdings:</u></i>	<i><u>% of Total</u></i>	
Sony Group Corp.	3.24%	
Diageo PLC	2.95%	
AstraZeneca PLC	2.44%	
Lonza Group AG	2.35%	
Linde PLC [EUR]	2.34%	
U.S. Equity Fund 2.24G	387	766
<i><u>Top 5 Holdings:</u></i>	<i><u>% of Total</u></i>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Equity Index Fund 6.74G	724	1,526
<i><u>Top 5 Holdings:</u></i>	<i><u>% of Total</u></i>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	
U.S. Value Equity Fund (S178) 4.11L	502	766
<i><u>Top 5 Holdings:</u></i>	<i><u>% of Total</u></i>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	28,055	38,265

Core Moderate Fund 6.51L

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	333,556	382,552	434,310	498,200	386,887	5,647	6,147	6,612	6,933	5,593
75/100 guarantee policy	1,236,069	1,473,767	1,702,758	1,674,883	1,621,772	20,789	23,536	25,778	23,190	23,341
100/100 guarantee policy	15,187	16,479	19,055	19,794	21,224	251	259	284	270	302
PS1 75/75 guarantee policy	184,775	234,145	236,931	143,201	149,744	2,963	3,546	3,383	1,860	2,010
PS1 75/100 guarantee policy	479,801	413,672	483,003	474,554	449,232	7,652	6,233	6,866	6,139	6,011
PS1 100/100 guarantee policy	21,883	18,340	19,638	21,478	20,434	343	272	275	275	271
PS2 75/75 guarantee policy	247	13,931	14,209	15,259	33,006	5	252	238	227	498
PS2 75/100 guarantee policy	24,137	26,827	28,412	30,741	2,959	472	486	475	458	45
PS 75/100 guarantee policy	3,617	3,639	3,662	9,640	—	43	41	39	93	—
PPS 75/75 guarantee policy	6,657	—	—	—	—	82	—	—	—	—
PPS 75/100 guarantee policy	1,445	1,457	1,470	—	—	18	17	16	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	16.93	16.07	15.22	13.92	14.46	0.86	0.85
75/100 guarantee policy	16.82	15.97	15.14	13.85	14.39	0.85	0.83
100/100 guarantee policy	16.51	15.70	14.90	13.65	14.21	0.81	0.80
PS1 75/75 guarantee policy	16.04	15.14	14.28	12.99	13.43	0.90	0.86
PS1 75/100 guarantee policy	15.95	15.07	14.22	12.94	13.38	0.88	0.85
PS1 100/100 guarantee policy	15.69	14.85	14.03	12.79	13.25	0.84	0.82
PS2 75/75 guarantee policy	19.57	18.10	16.72	14.89	15.08	1.47	1.38
PS2 75/100 guarantee policy	19.57	18.10	16.72	14.89	15.08	1.47	1.38
PS 75/100 guarantee policy	12.07	11.33	10.62	9.61	—	0.74	0.71
PPS 75/75 guarantee policy	12.30	—	—	—	—	0.81	—
PPS 75/100 guarantee policy	12.28	11.47	10.70	—	—	0.81	0.77

Core Moderate Fund 6.51L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Moderate Fund 6.51L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Changes in Accounting Policies

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

b) Use of Estimates, Significant Accounting Judgments and Assumptions

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

Core Moderate Fund 6.51L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

Core Moderate Fund 6.51L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

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

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

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

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

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

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

Core Moderate Fund 6.51L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

d) Investment Fund Units

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

e) Cash, Short-term Deposits and Overdrafts

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

f) Classification of Units Issued by the Fund

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

Core Moderate Fund 6.51L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

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

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

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

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

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

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

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

Foreign currency

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

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

h) Offsetting of Financial Instruments

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

Core Moderate Fund 6.51L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

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

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

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

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

j) Amounts Due to/from Outside Parties

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

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

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

k) Other Expenses

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

l) Income Allocation

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

m) Issue and Redemption of Units

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

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

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

Core Moderate Fund 6.51L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

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

4. DESCRIPTION OF UNITS

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

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

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

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

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

Core Moderate Fund 6.51L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

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

6. INCOME TAXES

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

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

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

Core Moderate Fund 6.51L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

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

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

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

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

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as “Due from (to) The Canada Life Assurance Company” represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Moderate Fund 6.51L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

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

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

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

c) Currency Risk

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

d) Interest Rate Risk

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

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

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

Core Moderate Fund 6.51L
Notes to the Financial Statements
(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Moderate Fund 6.51L

Supplemental Information *(unaudited)*

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.56	2.56	2.57	2.57	2.56
75/100 guarantee policy	2.62	2.62	2.63	2.63	2.61
100/100 guarantee policy	2.78	2.78	2.78	2.79	2.77
PS1 75/75 guarantee policy	2.08	2.07	2.08	2.08	2.07
PS1 75/100 guarantee policy	2.13	2.13	2.13	2.14	2.12
PS1 100/100 guarantee policy	2.29	2.30	2.30	2.30	2.29
PS 75/100 guarantee policy	1.50	1.50	1.54	1.50	—
PPS 75/75 guarantee policy	0.94	—	—	—	—
PPS 75/100 guarantee policy	1.01	1.01	1.00	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	6.08	14.24	12.4	18.16	15.68

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

CORE MODERATE GROWTH PLUS FUND 6.52L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Core Moderate Growth Plus Fund 6.52L (the "Fund")

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Core Moderate Growth Plus Fund 6.52L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	58,428	57,164
Total investments	58,428	57,164
Total assets	\$ 58,428	\$ 57,164
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 58,428	\$ 57,164

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 5,978	\$ 4,264
Miscellaneous income (loss)	—	—
Total income	5,978	4,264
Expenses		
Management fees (note 8)	1,285	1,276
Other	140	138
Total expenses	1,425	1,414
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 4,553	\$ 2,850

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 57,164	\$ 59,125
Contractholder deposits	2,185	204
Contractholder withdrawals	(5,474)	(5,015)
Increase (decrease) in net assets from operations attributable to contractholders	4,553	2,850
Change in net assets attributable to contractholders	1,264	(1,961)
Net assets attributable to contractholders - end of year	\$ 58,428	\$ 57,164

Core Moderate Growth Plus Fund 6.52L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 4,553	\$ 2,850
Adjustments		
Realized (gains) losses	(2,807)	(2,974)
Unrealized (gains) losses	(3,171)	(1,290)
Gross proceeds of disposition of investments	7,667	13,772
Gross payments for the purchase of investments	(2,953)	(7,547)
	<u>3,289</u>	<u>4,811</u>
Financing Activities		
Contractholder deposits	2,185	204
Contractholder withdrawals	(5,474)	(5,015)
	<u>(3,289)</u>	<u>(4,811)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Core Moderate Growth Plus Fund 6.52L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	Average Cost	Fair Value
Investment Fund Units		
Bond Fund	23,836	28,936
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund (S002) 4.00LAK	2,556	4,458
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Large Cap Equity Index Fund 6.73G	2,469	4,445
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
Dividend Fund 2.03L	5,228	8,873
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
Global Equity Fund (S034) 4.03SAM	1,540	2,917
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.81%	
Alphabet Inc. Class A	3.37%	
Berkshire Hathaway Inc. Class B	3.06%	
Johnson Controls International PLC	2.82%	
McDonald's Corp.	2.78%	

Core Moderate Growth Plus Fund 6.52L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Fund 2.53UBS	2,040	2,927
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Sony Group Corp.	3.24%	
Diageo PLC	2.95%	
AstraZeneca PLC	2.44%	
Lonza Group AG	2.35%	
Linde PLC [EUR]	2.34%	
U.S. Equity Fund 2.24G	647	1,474
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Equity Index Fund 6.74G	1,175	2,930
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	
U.S. Value Equity Fund (S178) 4.11L	887	1,468
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	40,378	58,428

Core Moderate Growth Plus Fund 6.52L

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	421,216	506,296	545,903	541,324	504,285	7,697	8,563	8,783	7,875	7,681
75/100 guarantee policy	1,573,953	1,682,046	1,851,795	1,824,385	1,724,769	28,548	28,253	29,604	26,387	26,135
100/100 guarantee policy	23,786	28,921	32,994	33,454	33,588	424	478	520	478	504
PS1 75/75 guarantee policy	147,633	153,891	171,370	168,080	154,389	2,570	2,466	2,598	2,292	2,192
PS1 75/100 guarantee policy	1,004,555	997,639	1,061,319	1,152,241	1,027,346	17,396	15,912	16,025	15,655	14,544
PS1 100/100 guarantee policy	13,953	20,918	22,788	21,979	24,590	238	329	340	295	345
PS2 75/75 guarantee policy	—	—	196	—	—	—	—	4	—	—
PS2 75/100 guarantee policy	21,736	11,854	24,799	42,157	41,307	463	228	441	660	660
PS 75/75 guarantee policy	6,650	10,042	7,734	—	—	82	113	82	—	—
PS 75/100 guarantee policy	43,976	42,502	43,059	19,701	—	542	480	457	187	—
PS 100/100 guarantee policy	1,570	1,586	—	—	—	19	18	—	—	—
PPS 75/75 guarantee policy	10,675	9,349	6,665	—	—	134	107	71	—	—
PPS 75/100 guarantee policy	25,105	18,878	18,719	10,571	—	315	217	200	101	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	18.27	16.91	16.09	14.55	15.23	1.36	0.82
75/100 guarantee policy	18.14	16.80	15.99	14.46	15.15	1.34	0.81
100/100 guarantee policy	17.84	16.54	15.77	14.29	14.99	1.30	0.77
PS1 75/75 guarantee policy	17.41	16.03	15.16	13.64	14.20	1.38	0.87
PS1 75/100 guarantee policy	17.32	15.95	15.10	13.59	14.16	1.37	0.85
PS1 100/100 guarantee policy	17.04	15.72	14.91	13.44	14.03	1.32	0.81
PS2 75/75 guarantee policy	—	—	17.78	—	—	—	—
PS2 75/100 guarantee policy	21.30	19.20	17.78	15.66	15.97	2.10	1.42
PS 75/75 guarantee policy	12.35	11.30	10.63	—	—	1.05	0.67
PS 75/100 guarantee policy	12.32	11.29	10.62	9.50	—	1.03	0.67
PS 100/100 guarantee policy	12.26	11.24	—	—	—	1.02	0.64
PPS 75/75 guarantee policy	12.58	11.45	10.72	—	—	1.13	0.73
PPS 75/100 guarantee policy	12.56	11.44	10.71	9.53	—	1.12	0.73

Core Moderate Growth Plus Fund 6.52L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Moderate Growth Plus Fund 6.52L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Changes in Accounting Policies

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

b) Use of Estimates, Significant Accounting Judgments and Assumptions

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

Core Moderate Growth Plus Fund 6.52L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

Core Moderate Growth Plus Fund 6.52L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

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

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

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

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

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

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

Core Moderate Growth Plus Fund 6.52L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

d) Investment Fund Units

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

e) Cash, Short-term Deposits and Overdrafts

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

f) Classification of Units Issued by the Fund

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

Core Moderate Growth Plus Fund 6.52L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

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

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

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

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

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

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

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

Foreign currency

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

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

h) Offsetting of Financial Instruments

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

Core Moderate Growth Plus Fund 6.52L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

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

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

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

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

j) Amounts Due to/from Outside Parties

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

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

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

k) Other Expenses

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

l) Income Allocation

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

m) Issue and Redemption of Units

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

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

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

Core Moderate Growth Plus Fund 6.52L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

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

4. DESCRIPTION OF UNITS

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

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

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

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

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

Core Moderate Growth Plus Fund 6.52L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

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

6. INCOME TAXES

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

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

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

Core Moderate Growth Plus Fund 6.52L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

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

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

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

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

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Moderate Growth Plus Fund 6.52L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

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

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

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

c) Currency Risk

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

d) Interest Rate Risk

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

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

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

Core Moderate Growth Plus Fund 6.52L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Moderate Growth Plus Fund 6.52L

Supplemental Information *(unaudited)*

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.65	2.65	2.65	2.66	2.64
75/100 guarantee policy	2.70	2.70	2.71	2.71	2.69
100/100 guarantee policy	2.86	2.86	2.86	2.87	2.85
PS1 75/75 guarantee policy	2.11	2.11	2.11	2.11	2.09
PS1 75/100 guarantee policy	2.16	2.16	2.17	2.17	2.15
PS1 100/100 guarantee policy	2.34	2.33	2.33	2.34	2.31
PS 75/75 guarantee policy	1.54	1.54	1.54	—	—
PS 75/100 guarantee policy	1.59	1.59	1.59	1.59	—
PS 100/100 guarantee policy	1.75	1.73	—	—	—
PPS 75/75 guarantee policy	1.00	1.00	1.00	—	—
PPS 75/100 guarantee policy	1.05	1.05	1.05	1.05	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	5.15	13.27	8.68	9.94	11.72

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

BALANCED INCOME FUND 6.53TE

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Income Fund 6.53TE (the "Fund")

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Income Fund 6.53TE

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	20,127	20,120
Total investments	20,127	20,120
Total assets	\$ 20,127	\$ 20,120
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 20,127	\$ 20,120

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,972	\$ 1,348
Miscellaneous income (loss)	—	—
Total income	1,972	1,348
Expenses		
Management fees (note 8)	499	525
Other	60	63
Total expenses	559	588
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,413	\$ 760

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 20,120	\$ 23,401
Contractholder deposits	1,081	424
Contractholder withdrawals	(2,487)	(4,465)
Increase (decrease) in net assets from operations attributable to contractholders	1,413	760
Change in net assets attributable to contractholders	7	(3,281)
Net assets attributable to contractholders - end of year	\$ 20,127	\$ 20,120

Balanced Income Fund 6.53TE

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,413	\$ 760
Adjustments		
Realized (gains) losses	(1,152)	(1,503)
Unrealized (gains) losses	(820)	155
Gross proceeds of disposition of investments	3,107	5,820
Gross payments for the purchase of investments	(1,142)	(1,191)
	<u>1,406</u>	<u>4,041</u>
Financing Activities		
Contractholder deposits	1,081	424
Contractholder withdrawals	(2,487)	(4,465)
	<u>(1,406)</u>	<u>(4,041)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Balanced Income Fund 6.53TE

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Fund 3.37BST	2,736	5,025
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	6.48%	
Brookfield Asset Management Inc.	6.45%	
The Toronto-Dominion Bank	5.92%	
Canadian National Railway Co.	4.88%	
The Bank of Nova Scotia	4.40%	
Canadian Large Cap Equity Index Fund 6.73G	877	1,662
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
Fixed Income Fund 6.66TE	7,160	9,023
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Quebec 5.75% 12-01-2036	2.44%	
Province of Saskatchewan 5.60% 09-05-2035	2.40%	
Province of Manitoba 5.70% 03-05-2037	2.06%	
Province of Alberta 3.90% 12-01-2033	1.91%	
Canada Housing Trust No. 1 1.10% 12-15-2026	1.90%	
Global Equity 6.76TE	2,013	3,313
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.74%	
Dollar Tree Inc.	2.67%	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	2.59%	
E.ON SE	2.54%	
The Walt Disney Co.	2.54%	
U.S. Equity Index Fund 6.74G	400	1,104
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	
Total Investments	13,186	20,127

Balanced Income Fund 6.53TE

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

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	99,848	123,010	146,601	152,949	180,200	1,785	2,048	2,342	2,210	2,770
75/100 guarantee policy	718,112	813,008	941,296	1,069,896	1,216,524	12,750	13,454	14,955	15,386	18,617
100/100 guarantee policy	16,915	18,097	18,521	19,971	15,005	294	294	289	283	227
PS1 75/75 guarantee policy	13,423	17,741	40,705	43,832	70,412	234	286	627	607	1,031
PS1 75/100 guarantee policy	264,764	229,127	295,278	340,501	356,326	4,588	3,679	4,525	4,696	5,200
PS1 100/100 guarantee policy	5,734	7,003	23,356	24,750	13,905	98	112	356	340	202
PS2 75/75 guarantee policy	3,137	3,544	6,733	5,067	13,168	69	70	124	82	220
PS2 75/100 guarantee policy	2,280	2,322	3,863	4,809	2,943	50	46	71	78	49
PS 75/75 guarantee policy	540	492	438	—	—	6	5	5	—	—
PS 75/100 guarantee policy	21,070	11,392	6,189	8,052	—	253	126	65	76	—
PPS 75/75 guarantee policy	—	—	3,986	4,027	—	—	—	42	38	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	17.87	16.65	15.98	14.45	15.37	1.22	0.67
75/100 guarantee policy	17.76	16.55	15.89	14.38	15.30	1.21	0.66
100/100 guarantee policy	17.39	16.24	15.61	14.16	15.09	1.15	0.63
PS1 75/75 guarantee policy	17.43	16.14	15.40	13.85	14.64	1.29	0.74
PS1 75/100 guarantee policy	17.33	16.06	15.33	13.79	14.59	1.27	0.73
PS1 100/100 guarantee policy	17.16	15.93	15.23	13.73	14.55	1.23	0.70
PS2 75/75 guarantee policy	21.85	19.76	18.42	16.18	16.71	2.09	1.34
PS2 75/100 guarantee policy	21.85	19.76	18.42	16.18	16.71	2.09	1.34
PS 75/75 guarantee policy	12.03	11.08	10.51	—	—	0.95	0.57
PS 75/100 guarantee policy	12.00	11.06	10.50	9.40	—	0.94	0.56
PPS 75/75 guarantee policy	—	—	10.60	9.43	—	—	—

Balanced Income Fund 6.53TE

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Income Fund 6.53TE (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Changes in Accounting Policies

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

b) Use of Estimates, Significant Accounting Judgments and Assumptions

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

Balanced Income Fund 6.53TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

Balanced Income Fund 6.53TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

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

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

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

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

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

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

Balanced Income Fund 6.53TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

d) Investment Fund Units

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

e) Cash, Short-term Deposits and Overdrafts

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

f) Classification of Units Issued by the Fund

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

Balanced Income Fund 6.53TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

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

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

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

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

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

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

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

Foreign currency

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

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

h) Offsetting of Financial Instruments

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

Balanced Income Fund 6.53TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

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

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

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

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

j) Amounts Due to/from Outside Parties

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

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

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

k) Other Expenses

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

l) Income Allocation

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

m) Issue and Redemption of Units

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

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

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

Balanced Income Fund 6.53TE

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

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

4. DESCRIPTION OF UNITS

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

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

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

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

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

Balanced Income Fund 6.53TE

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

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

6. INCOME TAXES

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

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

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

Balanced Income Fund 6.53TE

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

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

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

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

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

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Income Fund 6.53TE

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

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

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

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

c) Currency Risk

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

d) Interest Rate Risk

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

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

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

Balanced Income Fund 6.53TE

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Income Fund 6.53TE

Supplemental Information *(unaudited)*

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

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.93	2.93	2.94	2.95	2.94
75/100 guarantee policy	2.99	2.99	3.00	3.01	3.00
100/100 guarantee policy	3.15	3.16	3.16	3.17	3.17
PS1 75/75 guarantee policy	2.35	2.36	2.36	2.37	2.36
PS1 75/100 guarantee policy	2.40	2.41	2.41	2.42	2.41
PS1 100/100 guarantee policy	2.58	2.59	2.58	2.58	2.58
PS 75/75 guarantee policy	1.81	1.81	1.81	—	—
PS 75/100 guarantee policy	1.86	1.86	1.87	1.87	—
PPS 75/75 guarantee policy	—	—	1.23	1.23	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	5.81	5.71	2.33	5.50	10.59

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

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

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

MODERATE GROWTH FUND 6.54TE

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Growth Fund 6.54TE (the "Fund")

Opinion

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

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

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Growth Fund 6.54TE

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	21,825	23,774
Total investments	21,825	23,774
Total assets	\$ 21,825	\$ 23,774
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 21,825	\$ 23,774

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,804	\$ 1,913
Miscellaneous income (loss)	—	—
Total income	1,804	1,913
Expenses		
Management fees (note 8)	538	608
Other	65	73
Total expenses	603	681
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,201	\$ 1,232

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 23,774	\$ 28,851
Contractholder deposits	902	677
Contractholder withdrawals	(4,052)	(6,986)
Increase (decrease) in net assets from operations attributable to contractholders	1,201	1,232
Change in net assets attributable to contractholders	(1,949)	(5,077)
Net assets attributable to contractholders - end of year	\$ 21,825	\$ 23,774

Moderate Growth Fund 6.54TE

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,201	\$ 1,232
Adjustments		
Realized (gains) losses	(1,468)	(2,187)
Unrealized (gains) losses	(336)	274
Gross proceeds of disposition of investments	4,432	9,632
Gross payments for the purchase of investments	(679)	(2,642)
	<u>3,150</u>	<u>6,309</u>
Financing Activities		
Contractholder deposits	902	677
Contractholder withdrawals	(4,052)	(6,986)
	<u>(3,150)</u>	<u>(6,309)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Growth Fund 6.54TE

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Fund 3.37BST	2,552	4,427
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	6.48%	
Brookfield Asset Management Inc.	6.45%	
The Toronto-Dominion Bank	5.92%	
Canadian National Railway Co.	4.88%	
The Bank of Nova Scotia	4.40%	
Canadian Large Cap Equity Index Fund 6.73G	797	1,451
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
Fixed Income Fund 6.66TE	9,556	12,052
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Quebec 5.75% 12-01-2036	2.44%	
Province of Saskatchewan 5.60% 09-05-2035	2.40%	
Province of Manitoba 5.70% 03-05-2037	2.06%	
Province of Alberta 3.90% 12-01-2033	1.91%	
Canada Housing Trust No. 1 1.10% 12-15-2026	1.90%	
Global Equity 6.76TE	1,964	2,912
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.74%	
Dollar Tree Inc.	2.67%	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	2.59%	
E.ON SE	2.54%	
The Walt Disney Co.	2.54%	
U.S. Equity Index Fund 6.74G	412	983
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	
Total Investments	15,281	21,825

Moderate Growth Fund 6.54TE

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	104,181	126,305	123,959	133,709	171,292	1,753	2,020	1,889	1,859	2,509
75/100 guarantee policy	816,041	941,349	1,196,631	1,421,472	1,604,025	13,638	14,962	18,134	19,666	23,392
100/100 guarantee policy	7,530	11,685	12,655	14,211	40,215	124	183	189	194	579
PS1 75/75 guarantee policy	34,047	30,675	37,393	42,093	63,361	558	475	549	561	884
PS1 75/100 guarantee policy	259,123	291,191	412,108	407,751	535,619	4,227	4,491	6,024	5,409	7,445
PS1 100/100 guarantee policy	25,660	25,274	35,224	35,667	29,414	412	384	508	468	405
PS2 75/75 guarantee policy	8,257	8,428	5,529	6,518	3,978	169	159	97	101	63
PS2 75/100 guarantee policy	8,236	25,069	56,278	69,551	83,297	168	471	980	1,074	1,318
PS 75/100 guarantee policy	9,374	52,764	44,184	679	—	111	589	465	7	—
PS 100/100 guarantee policy	2,052	2,080	—	—	—	24	23	—	—	—
PPS 75/100 guarantee policy	52,839	1,463	1,475	—	—	641	17	16	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	16.82	15.99	15.24	13.90	14.65	0.83	0.75
75/100 guarantee policy	16.71	15.89	15.15	13.84	14.58	0.82	0.74
100/100 guarantee policy	16.41	15.63	14.92	13.65	14.41	0.78	0.71
PS1 75/75 guarantee policy	16.40	15.50	14.68	13.32	13.95	0.90	0.82
PS1 75/100 guarantee policy	16.31	15.42	14.62	13.27	13.90	0.89	0.80
PS1 100/100 guarantee policy	16.05	15.20	14.43	13.12	13.77	0.85	0.77
PS2 75/75 guarantee policy	20.42	18.87	17.48	15.50	15.87	1.55	1.39
PS2 75/100 guarantee policy	20.35	18.80	17.42	15.45	15.82	1.55	1.38
PS 75/100 guarantee policy	11.88	11.17	10.54	9.51	—	0.71	0.63
PS 100/100 guarantee policy	11.82	11.13	—	—	—	0.69	0.62
PPS 75/100 guarantee policy	12.13	11.34	10.63	—	—	0.79	0.71

Moderate Growth Fund 6.54TE

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Growth Fund 6.54TE (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Growth Fund 6.54TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Growth Fund 6.54TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Growth Fund 6.54TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Growth Fund 6.54TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Growth Fund 6.54TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Growth Fund 6.54TE

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Growth Fund 6.54TE

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Growth Fund 6.54TE

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as “Due from (to) The Canada Life Assurance Company” represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Growth Fund 6.54TE

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Growth Fund 6.54TE

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Growth Fund 6.54TE

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.84	2.83	2.84	2.86	2.85
75/100 guarantee policy	2.89	2.89	2.90	2.91	2.91
100/100 guarantee policy	3.05	3.05	3.06	3.09	3.07
PS1 75/75 guarantee policy	2.24	2.24	2.25	2.28	2.26
PS1 75/100 guarantee policy	2.30	2.30	2.30	2.32	2.31
PS1 100/100 guarantee policy	2.46	2.47	2.47	2.48	2.46
PS 75/100 guarantee policy	1.78	1.77	1.77	1.77	—
PS 100/100 guarantee policy	1.92	1.91	—	—	—
PPS 75/100 guarantee policy	1.16	1.18	1.17	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	2.99	10.27	4.33	9.22	18.14

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

MODERATE INCOME FUND 6.55TE

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Income Fund 6.55TE (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Income Fund 6.55TE

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	28,974	32,370
Total investments	28,974	32,370
Total assets	\$ 28,974	\$ 32,370
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 28,974	\$ 32,370

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,747	\$ 2,598
Miscellaneous income (loss)	—	—
Total income	1,747	2,598
Expenses		
Management fees (note 8)	615	675
Other	64	70
Total expenses	679	745
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,068	\$ 1,853

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 32,370	\$ 32,374
Contractholder deposits	546	1,415
Contractholder withdrawals	(5,010)	(3,272)
Increase (decrease) in net assets from operations attributable to contractholders	1,068	1,853
Change in net assets attributable to contractholders	(3,396)	(4)
Net assets attributable to contractholders - end of year	\$ 28,974	\$ 32,370

Moderate Income Fund 6.55TE

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,068	\$ 1,853
Adjustments		
Realized (gains) losses	(1,655)	(1,488)
Unrealized (gains) losses	(92)	(1,110)
Gross proceeds of disposition of investments	6,004	7,627
Gross payments for the purchase of investments	(861)	(5,025)
	<u>4,464</u>	<u>1,857</u>
Financing Activities		
Contractholder deposits	546	1,415
Contractholder withdrawals	(5,010)	(3,272)
	<u>(4,464)</u>	<u>(1,857)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Income Fund 6.55TE

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Fund 3.37BST	2,797	4,560
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	6.48%	
Brookfield Asset Management Inc.	6.45%	
The Toronto-Dominion Bank	5.92%	
Canadian National Railway Co.	4.88%	
The Bank of Nova Scotia	4.40%	
Canadian Large Cap Equity Index Fund 6.73G	884	1,516
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
Fixed Income Fund 6.66TE	15,451	18,876
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Quebec 5.75% 12-01-2036	2.44%	
Province of Saskatchewan 5.60% 09-05-2035	2.40%	
Province of Manitoba 5.70% 03-05-2037	2.06%	
Province of Alberta 3.90% 12-01-2033	1.91%	
Canada Housing Trust No. 1 1.10% 12-15-2026	1.90%	
Global Equity 6.76TE	2,133	3,018
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.74%	
Dollar Tree Inc.	2.67%	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	2.59%	
E.ON SE	2.54%	
The Walt Disney Co.	2.54%	
U.S. Equity Index Fund 6.74G	469	1,004
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	
Total Investments	21,734	28,974

Moderate Income Fund 6.55TE

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	129,816	155,561	174,002	234,383	293,162	2,065	2,400	2,539	3,144	4,102
75/100 guarantee policy	836,314	1,041,550	1,202,105	1,369,968	1,643,517	13,195	15,948	17,417	18,256	22,861
100/100 guarantee policy	15,051	17,952	26,882	25,866	27,455	234	271	384	341	378
PS1 75/75 guarantee policy	69,189	62,906	62,261	58,838	105,875	1,069	937	872	753	1,406
PS1 75/100 guarantee policy	491,877	563,270	638,189	689,657	799,187	7,559	8,352	8,902	8,797	10,578
PS1 100/100 guarantee policy	55,921	53,428	46,421	44,095	31,240	846	781	639	556	409
PS2 75/75 guarantee policy	168,405	177,165	68,802	16,624	21,563	3,187	3,166	1,132	245	322
PS2 75/100 guarantee policy	35,603	22,357	22,811	15,909	105,367	674	400	376	234	1,576
PS 75/75 guarantee policy	—	—	77	—	—	—	—	1	—	—
PS 75/100 guarantee policy	4,576	2,395	2,419	—	—	54	27	26	—	—
PPS 75/100 guarantee policy	7,603	7,706	8,084	5,717	—	91	88	86	55	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	15.91	15.43	14.59	13.41	13.99	0.48	0.84
75/100 guarantee policy	15.78	15.31	14.49	13.33	13.91	0.47	0.82
100/100 guarantee policy	15.52	15.09	14.30	13.17	13.77	0.43	0.79
PS1 75/75 guarantee policy	15.45	14.90	14.01	12.80	13.28	0.55	0.89
PS1 75/100 guarantee policy	15.37	14.83	13.95	12.75	13.24	0.54	0.88
PS1 100/100 guarantee policy	15.12	14.61	13.77	12.61	13.11	0.51	0.84
PS2 75/75 guarantee policy	18.93	17.87	16.46	14.73	14.96	1.06	1.41
PS2 75/100 guarantee policy	18.93	17.87	16.46	14.73	14.96	1.06	1.41
PS 75/75 guarantee policy	—	—	10.59	—	—	—	—
PS 75/100 guarantee policy	11.77	11.30	10.58	—	—	0.47	0.72
PPS 75/100 guarantee policy	12.01	11.46	10.67	9.65	—	0.55	0.79

Moderate Income Fund 6.55TE

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Income Fund 6.55TE (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Income Fund 6.55TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Income Fund 6.55TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Income Fund 6.55TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Income Fund 6.55TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Income Fund 6.55TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Income Fund 6.55TE

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Income Fund 6.55TE

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Income Fund 6.55TE

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as “Due from (to) The Canada Life Assurance Company” represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Income Fund 6.55TE

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Income Fund 6.55TE

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Income Fund 6.55TE

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.68	2.68	2.69	2.70	2.70
75/100 guarantee policy	2.74	2.74	2.74	2.76	2.76
100/100 guarantee policy	2.89	2.89	2.89	2.91	2.92
PS1 75/75 guarantee policy	2.10	2.10	2.10	2.12	2.12
PS1 75/100 guarantee policy	2.15	2.15	2.16	2.17	2.17
PS1 100/100 guarantee policy	2.32	2.31	2.32	2.33	2.32
PS 75/75 guarantee policy	—	—	1.58	—	—
PS 75/100 guarantee policy	1.62	1.63	1.63	—	—
PPS 75/100 guarantee policy	1.05	1.05	1.05	1.05	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	2.80	16.02	9.32	6.70	14.95

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

BALANCED FUND 6.56MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Fund 6.56MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Fund 6.56MF

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	8,713	7,925
Total investments	8,713	7,925
Total assets	\$ 8,713	\$ 7,925
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 8,713	\$ 7,925

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,096	\$ 841
Miscellaneous income (loss)	—	—
Total income	1,096	841
Expenses		
Management fees (note 8)	230	212
Other	25	24
Total expenses	255	236
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 841	\$ 605

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 7,925	\$ 7,988
Contractholder deposits	642	27
Contractholder withdrawals	(695)	(695)
Increase (decrease) in net assets from operations attributable to contractholders	841	605
Change in net assets attributable to contractholders	788	(63)
Net assets attributable to contractholders - end of year	\$ 8,713	\$ 7,925

Balanced Fund 6.56MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 841	\$ 605
Adjustments		
Realized (gains) losses	(498)	(556)
Unrealized (gains) losses	(598)	(285)
Gross proceeds of disposition of investments	1,130	1,736
Gross payments for the purchase of investments	(822)	(832)
	<u>53</u>	<u>668</u>
Financing Activities		
Contractholder deposits	642	27
Contractholder withdrawals	(695)	(695)
	<u>(53)</u>	<u>(668)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Balanced Fund 6.56MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 6.64MF	2,740	3,448
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.07%	
Government of Canada 0.50% 11-01-2023	3.78%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	3.74%	
Province of Quebec 3.10% 12-01-2051	2.98%	
Government of Canada 1.00% 09-01-2026	2.70%	
Canadian Growth Fund 6.75MF	1,217	2,378
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.02%	
The Toronto-Dominion Bank	6.85%	
Mackenzie US Large Cap Index ETF *	4.75%	
The Bank of Nova Scotia	3.97%	
Canadian National Railway Co.	3.90%	
Canadian Large Cap Equity Index Fund 6.73G	423	788
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
International Stock Fund 3.01MF	492	784
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	10.27%	
Seven & I Holdings Co. Ltd.	4.13%	
Compass Group PLC	4.02%	
Admiral Group PLC	4.00%	
Reckitt Benckiser Group PLC	3.99%	
U.S. Blue Chip Fund 6.68MF	296	791
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.84%	
Accenture PLC Class A	5.37%	
Keysight Technologies Inc.	4.65%	
Aon Corp.	4.37%	
Danaher Corp.	4.37%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Fund 6.56MF
Schedule of Investment Portfolio
(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund 6.74G	203	524
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	
Total Investments	5,371	8,713

Balanced Fund 6.56MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	69,622	75,535	92,509	112,341	88,731	1,307	1,284	1,452	1,567	1,300
75/100 guarantee policy	329,051	333,128	367,782	397,900	386,805	6,136	5,630	5,742	5,527	5,645
100/100 guarantee policy	6,472	6,388	8,032	7,167	6,274	118	106	123	98	91
PS1 75/75 guarantee policy	12,819	10,470	6,195	11,614	9,864	238	175	95	158	140
PS1 75/100 guarantee policy	47,549	41,992	37,146	37,110	35,400	879	699	568	502	500
PS2 75/100 guarantee policy	1,463	1,498	429	439	449	35	31	8	7	7

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	18.77	17.00	15.69	13.95	14.65	1.77	1.31
75/100 guarantee policy	18.65	16.90	15.61	13.89	14.59	1.75	1.29
100/100 guarantee policy	18.31	16.62	15.37	13.70	14.42	1.69	1.25
PS1 75/75 guarantee policy	18.58	16.73	15.36	13.58	14.17	1.85	1.37
PS1 75/100 guarantee policy	18.48	16.65	15.30	13.53	14.13	1.83	1.35
PS2 75/100 guarantee policy	23.62	20.74	18.57	16.01	16.30	2.88	2.17

Balanced Fund 6.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Fund 6.56MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Fund 6.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Fund 6.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Fund 6.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Fund 6.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Fund 6.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Fund 6.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Fund 6.56MF
Notes to the Financial Statements
(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Fund 6.56MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	3.09	3.09	3.09	3.09	3.08
75/100 guarantee policy	3.14	3.15	3.14	3.15	3.14
100/100 guarantee policy	3.29	3.31	3.30	3.30	3.29
PS1 75/75 guarantee policy	2.52	2.50	2.50	2.50	2.49
PS1 75/100 guarantee policy	2.57	2.56	2.55	2.55	2.54

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.52	2.53	2.52	2.52	2.51
PS1 75/100 guarantee policy	2.57	2.59	2.57	2.57	2.56

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	9.83	10.78	9.43	13.78	11.04

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED INCOME FUND 6.57MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Income Fund 6.57MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Income Fund 6.57MF

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	12,010	8,891
Total investments	12,010	8,891
Total assets	\$ 12,010	\$ 8,891
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 12,010	\$ 8,891

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,294	\$ 911
Miscellaneous income (loss)	—	—
Total income	1,294	911
Expenses		
Management fees (note 8)	272	210
Other	32	25
Total expenses	304	235
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 990	\$ 676

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 8,891	\$ 8,268
Contractholder deposits	3,487	1,276
Contractholder withdrawals	(1,358)	(1,329)
Increase (decrease) in net assets from operations attributable to contractholders	990	676
Change in net assets attributable to contractholders	3,119	623
Net assets attributable to contractholders - end of year	\$ 12,010	\$ 8,891

Balanced Income Fund 6.57MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 990	\$ 676
Adjustments		
Realized (gains) losses	(573)	(687)
Unrealized (gains) losses	(721)	(224)
Gross proceeds of disposition of investments	1,909	2,493
Gross payments for the purchase of investments	(3,734)	(2,205)
	(2,129)	53
Financing Activities		
Contractholder deposits	3,487	1,276
Contractholder withdrawals	(1,358)	(1,329)
	2,129	(53)
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	\$ —	\$ —

Balanced Income Fund 6.57MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 6.64MF	4,699	5,364
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.07%	
Government of Canada 0.50% 11-01-2023	3.78%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	3.74%	
Province of Quebec 3.10% 12-01-2051	2.98%	
Government of Canada 1.00% 09-01-2026	2.70%	
Canadian Growth Fund 6.75MF	1,858	3,003
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.02%	
The Toronto-Dominion Bank	6.85%	
Mackenzie US Large Cap Index ETF *	4.75%	
The Bank of Nova Scotia	3.97%	
Canadian National Railway Co.	3.90%	
Canadian Large Cap Equity Index Fund 6.73G	635	997
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
International Stock Fund 3.01MF	751	993
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	10.27%	
Seven & I Holdings Co. Ltd.	4.13%	
Compass Group PLC	4.02%	
Admiral Group PLC	4.00%	
Reckitt Benckiser Group PLC	3.99%	
U.S. Blue Chip Fund 6.68MF	504	993
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.84%	
Accenture PLC Class A	5.37%	
Keysight Technologies Inc.	4.65%	
Aon Corp.	4.37%	
Danaher Corp.	4.37%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Income Fund 6.57MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund 6.74G	359	660
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	
Total Investments	8,806	12,010

Balanced Income Fund 6.57MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	68,069	67,638	73,275	73,998	87,872	1,253	1,140	1,140	1,029	1,277
75/100 guarantee policy	334,556	332,831	344,240	397,525	386,135	6,130	5,588	5,335	5,509	5,598
100/100 guarantee policy	991	2,565	5,796	6,654	11,573	18	42	88	91	166
PS1 75/75 guarantee policy	19,966	10,930	3,384	2,119	12,845	361	180	51	29	179
PS1 75/100 guarantee policy	230,825	110,244	104,483	103,940	94,895	4,155	1,808	1,572	1,390	1,320
PS1 100/100 guarantee policy	2,539	5,704	2,952	1,681	1,718	45	92	44	22	24
PS2 75/100 guarantee policy	55	—	—	—	—	1	—	—	—	—
PS 75/75 guarantee policy	104	—	—	—	—	1	—	—	—	—
PS 75/100 guarantee policy	597	600	604	—	—	8	7	7	—	—
PPS 75/100 guarantee policy	2,844	2,868	2,892	—	—	38	34	31	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	18.41	16.86	15.56	13.90	14.54	1.55	1.30
75/100 guarantee policy	18.32	16.79	15.50	13.86	14.50	1.53	1.29
100/100 guarantee policy	17.97	16.49	15.25	13.66	14.31	1.48	1.24
PS1 75/75 guarantee policy	18.10	16.48	15.11	13.43	13.95	1.62	1.37
PS1 75/100 guarantee policy	18.00	16.40	15.05	13.38	13.91	1.60	1.35
PS1 100/100 guarantee policy	17.71	16.16	14.86	13.23	13.78	1.55	1.30
PS2 75/100 guarantee policy	22.69	—	—	—	—	2.51	—
PS 75/75 guarantee policy	13.04	—	—	—	—	1.25	—
PS 75/100 guarantee policy	13.01	11.78	10.75	—	—	1.23	1.03
PPS 75/100 guarantee policy	13.27	11.96	10.85	—	—	1.31	1.11

Balanced Income Fund 6.57MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Income Fund 6.57MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Income Fund 6.57MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Income Fund 6.57MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Income Fund 6.57MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Income Fund 6.57MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Income Fund 6.57MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Income Fund 6.57MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Income Fund 6.57MF

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Income Fund 6.57MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as “Due from (to) The Canada Life Assurance Company” represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Income Fund 6.57MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Income Fund 6.57MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Income Fund 6.57MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.95	2.97	2.96	2.97	2.96
75/100 guarantee policy	3.00	3.01	3.01	3.02	3.01
100/100 guarantee policy	3.19	3.19	3.18	3.19	3.18
PS1 75/75 guarantee policy	2.37	2.35	2.36	2.41	2.35
PS1 75/100 guarantee policy	2.42	2.41	2.41	2.42	2.41
PS1 100/100 guarantee policy	2.61	2.58	2.58	2.59	2.58
PS 75/75 guarantee policy	1.84	—	—	—	—
PS 75/100 guarantee policy	1.87	1.88	1.87	—	—
PPS 75/100 guarantee policy	1.32	1.30	1.29	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.37	2.38	2.38	2.43	2.37
PS1 75/100 guarantee policy	2.42	2.44	2.43	2.44	2.43
PS1 100/100 guarantee policy	2.61	2.61	2.60	2.61	2.60
PPS 75/100 guarantee policy	—	1.33	1.31	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	17.68	26.60	6.01	13.37	12.33

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE GROWTH FUND 6.58MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Growth Fund 6.58MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Growth Fund 6.58MF

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	10,584	10,275
Total investments	10,584	10,275
Total assets	\$ 10,584	\$ 10,275
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 10,584	\$ 10,275

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 986	\$ 1,052
Miscellaneous income (loss)	—	—
Total income	986	1,052
Expenses		
Management fees (note 8)	254	236
Other	29	27
Total expenses	283	263
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 703	\$ 789

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 10,275	\$ 9,930
Contractholder deposits	538	444
Contractholder withdrawals	(932)	(888)
Increase (decrease) in net assets from operations attributable to contractholders	703	789
Change in net assets attributable to contractholders	309	345
Net assets attributable to contractholders - end of year	\$ 10,584	\$ 10,275

Moderate Growth Fund 6.58MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 703	\$ 789
Adjustments		
Realized (gains) losses	(630)	(471)
Unrealized (gains) losses	(356)	(581)
Gross proceeds of disposition of investments	1,713	1,790
Gross payments for the purchase of investments	(1,036)	(1,083)
	<u>394</u>	<u>444</u>
Financing Activities		
Contractholder deposits	538	444
Contractholder withdrawals	(932)	(888)
	<u>(394)</u>	<u>(444)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Moderate Growth Fund 6.58MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 6.64MF	4,692	5,795
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.07%	
Government of Canada 0.50% 11-01-2023	3.78%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	3.74%	
Province of Quebec 3.10% 12-01-2051	2.98%	
Government of Canada 1.00% 09-01-2026	2.70%	
Canadian Growth Fund 6.75MF	1,189	2,162
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.02%	
The Toronto-Dominion Bank	6.85%	
Mackenzie US Large Cap Index ETF *	4.75%	
The Bank of Nova Scotia	3.97%	
Canadian National Railway Co.	3.90%	
Canadian Large Cap Equity Index Fund 6.73G	407	716
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
International Stock Fund 3.01MF	463	712
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	10.27%	
Seven & I Holdings Co. Ltd.	4.13%	
Compass Group PLC	4.02%	
Admiral Group PLC	4.00%	
Reckitt Benckiser Group PLC	3.99%	
U.S. Blue Chip Fund 6.68MF	294	721
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.84%	
Accenture PLC Class A	5.37%	
Keysight Technologies Inc.	4.65%	
Aon Corp.	4.37%	
Danaher Corp.	4.37%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Growth Fund 6.58MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund 6.74G	211	478
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	
Total Investments	7,256	10,584

Moderate Growth Fund 6.58MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	66,119	69,863	77,811	68,092	64,277	1,142	1,131	1,164	920	902
75/100 guarantee policy	369,162	390,901	406,645	396,412	396,614	6,338	6,294	6,051	5,334	5,543
100/100 guarantee policy	5,557	8,747	9,600	10,425	10,470	94	138	141	138	145
PS1 75/75 guarantee policy	2,341	850	7,696	7,538	61,596	40	13	111	98	823
PS1 75/100 guarantee policy	145,699	145,486	147,079	155,110	148,291	2,444	2,277	2,113	2,003	1,976
PS1 100/100 guarantee policy	10,134	10,134	10,992	9,665	9,680	167	156	156	124	128
PS2 75/75 guarantee policy	—	—	—	17,955	6,896	—	—	—	270	104
PS2 75/100 guarantee policy	2,369	2,419	2,471	2,522	2,576	50	46	42	38	39
PS 75/100 guarantee policy	3,699	4,237	—	—	—	47	50	—	—	—
PPS 75/100 guarantee policy	20,295	14,240	13,991	6,136	—	262	170	152	59	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	17.27	16.19	14.96	13.52	14.03	1.08	1.23
75/100 guarantee policy	17.17	16.10	14.88	13.46	13.97	1.07	1.22
100/100 guarantee policy	16.85	15.83	14.65	13.27	13.80	1.02	1.18
PS1 75/75 guarantee policy	16.86	15.71	14.43	12.96	13.37	1.15	1.28
PS1 75/100 guarantee policy	16.78	15.64	14.37	12.91	13.33	1.14	1.27
PS1 100/100 guarantee policy	16.51	15.42	14.18	12.77	13.20	1.09	1.24
PS2 75/75 guarantee policy	—	—	—	15.03	15.15	—	—
PS2 75/100 guarantee policy	20.91	19.05	17.10	15.03	15.15	1.86	1.95
PS 75/100 guarantee policy	12.66	11.74	—	—	—	0.92	1.01
PPS 75/100 guarantee policy	12.93	11.92	10.83	9.62	—	1.01	1.09

Moderate Growth Fund 6.58MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Growth Fund 6.58MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Growth Fund 6.58MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Growth Fund 6.58MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Growth Fund 6.58MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Growth Fund 6.58MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Growth Fund 6.58MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Growth Fund 6.58MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Growth Fund 6.58MF

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Growth Fund 6.58MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Growth Fund 6.58MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Growth Fund 6.58MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Growth Fund 6.58MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.85	2.85	2.84	2.86	2.85
75/100 guarantee policy	2.91	2.90	2.90	2.92	2.91
100/100 guarantee policy	3.07	3.06	3.06	3.08	3.06
PS1 75/75 guarantee policy	2.25	2.23	2.23	2.27	2.23
PS1 75/100 guarantee policy	2.32	2.29	2.28	2.30	2.29
PS1 100/100 guarantee policy	2.48	2.46	2.45	2.47	2.45
PS 75/100 guarantee policy	1.79	1.79	—	—	—
PPS 75/100 guarantee policy	1.20	1.17	1.17	1.17	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.25	2.26	2.25	2.29	2.25
PS1 75/100 guarantee policy	2.32	2.32	2.30	2.32	2.31
PS1 100/100 guarantee policy	2.48	2.49	2.47	2.49	2.47
PPS 75/100 guarantee policy	—	1.20	1.19	1.19	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	9.82	11.06	11.41	17.57	8.77

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE INCOME FUND 6.59MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Income Fund 6.59MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Income Fund 6.59MF

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	14,696	13,975
Total investments	14,696	13,975
Total assets	\$ 14,696	\$ 13,975
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 14,696	\$ 13,975

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,028	\$ 1,144
Miscellaneous income (loss)	—	—
Total income	1,028	1,144
Expenses		
Management fees (note 8)	284	229
Other	34	27
Total expenses	318	256
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 710	\$ 888

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 13,975	\$ 11,582
Contractholder deposits	2,232	2,642
Contractholder withdrawals	(2,221)	(1,137)
Increase (decrease) in net assets from operations attributable to contractholders	710	888
Change in net assets attributable to contractholders	721	2,393
Net assets attributable to contractholders - end of year	\$ 14,696	\$ 13,975

Moderate Income Fund 6.59MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 710	\$ 888
Adjustments		
Realized (gains) losses	(727)	(581)
Unrealized (gains) losses	(301)	(563)
Gross proceeds of disposition of investments	3,082	3,522
Gross payments for the purchase of investments	(2,775)	(4,771)
	(11)	(1,505)
Financing Activities		
Contractholder deposits	2,232	2,642
Contractholder withdrawals	(2,221)	(1,137)
	11	1,505
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	\$ —	\$ —

Moderate Income Fund 6.59MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 6.64MF	8,532	9,564
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.07%	
Government of Canada 0.50% 11-01-2023	3.78%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	3.74%	
Province of Quebec 3.10% 12-01-2051	2.98%	
Government of Canada 1.00% 09-01-2026	2.70%	
Canadian Growth Fund 6.75MF	1,461	2,316
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.02%	
The Toronto-Dominion Bank	6.85%	
Mackenzie US Large Cap Index ETF *	4.75%	
The Bank of Nova Scotia	3.97%	
Canadian National Railway Co.	3.90%	
Canadian Large Cap Equity Index Fund 6.73G	505	769
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
International Stock Fund 3.01MF	584	769
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	10.27%	
Seven & I Holdings Co. Ltd.	4.13%	
Compass Group PLC	4.02%	
Admiral Group PLC	4.00%	
Reckitt Benckiser Group PLC	3.99%	
U.S. Blue Chip Fund 6.68MF	414	768
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.84%	
Accenture PLC Class A	5.37%	
Keysight Technologies Inc.	4.65%	
Aon Corp.	4.37%	
Danaher Corp.	4.37%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Income Fund 6.59MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund 6.74G	296	510
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	
Total Investments	11,792	14,696

Moderate Income Fund 6.59MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	65,182	70,441	71,252	63,533	53,880	1,072	1,112	1,034	843	736
75/100 guarantee policy	402,438	433,671	430,886	444,840	415,728	6,575	6,807	6,220	5,874	5,653
100/100 guarantee policy	8,401	11,344	11,378	13,568	8,747	135	176	162	177	118
PS1 75/75 guarantee policy	20,590	15,487	15,109	4,396	3,124	327	235	209	55	40
PS1 75/100 guarantee policy	266,278	205,588	153,866	158,768	163,856	4,209	3,103	2,123	1,991	2,103
PS1 100/100 guarantee policy	7,338	5,262	6,368	3,574	4,741	114	78	87	44	60
PS2 75/75 guarantee policy	25,422	29,732	15,552	13,462	10,517	493	539	252	194	152
PS2 75/100 guarantee policy	78,984	105,150	91,127	92,523	602	1,533	1,908	1,479	1,337	9
PS 75/75 guarantee policy	236	—	—	—	—	3	—	—	—	—
PS 75/100 guarantee policy	18,969	1,435	1,448	—	—	235	17	16	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	16.44	15.79	14.51	13.26	13.65	0.65	1.28
75/100 guarantee policy	16.34	15.70	14.44	13.20	13.60	0.64	1.26
100/100 guarantee policy	16.03	15.43	14.21	13.02	13.43	0.60	1.22
PS1 75/75 guarantee policy	15.89	15.17	13.85	12.59	12.88	0.72	1.32
PS1 75/100 guarantee policy	15.81	15.09	13.80	12.54	12.84	0.72	1.29
PS1 100/100 guarantee policy	15.55	14.88	13.62	12.40	12.71	0.67	1.26
PS2 75/75 guarantee policy	19.41	18.14	16.23	14.45	14.47	1.27	1.91
PS2 75/100 guarantee policy	19.41	18.14	16.23	14.45	14.47	1.27	1.91
PS 75/75 guarantee policy	12.42	—	—	—	—	0.63	—
PS 75/100 guarantee policy	12.39	11.77	10.71	—	—	0.62	1.06

Moderate Income Fund 6.59MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Income Fund 6.59MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Income Fund 6.59MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Income Fund 6.59MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Income Fund 6.59MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Income Fund 6.59MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Income Fund 6.59MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Income Fund 6.59MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Income Fund 6.59MF

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Income Fund 6.59MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Income Fund 6.59MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Income Fund 6.59MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Income Fund 6.59MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.69	2.69	2.70	2.71	2.70
75/100 guarantee policy	2.74	2.75	2.75	2.76	2.76
100/100 guarantee policy	2.91	2.90	2.91	2.92	2.91
PS1 75/75 guarantee policy	2.09	2.07	2.08	2.08	2.08
PS1 75/100 guarantee policy	2.15	2.13	2.13	2.14	2.14
PS1 100/100 guarantee policy	2.32	2.30	2.30	2.32	2.31
PS 75/75 guarantee policy	1.57	—	—	—	—
PS 75/100 guarantee policy	1.61	1.63	1.63	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.09	2.10	2.10	2.10	2.10
PS1 75/100 guarantee policy	2.15	2.16	2.15	2.16	2.16
PS1 100/100 guarantee policy	2.32	2.33	2.32	2.34	2.33

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	18.38	30.14	14.23	23.65	19.10

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

BALANCED INCOME FUND 6.60F

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Income Fund 6.60F (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Income Fund 6.60F

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	41,297	38,929
Total investments	41,297	38,929
Total assets	\$ 41,297	\$ 38,929
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 41,297	\$ 38,929

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 4,480	\$ 3,708
Miscellaneous income (loss)	—	—
Total income	4,480	3,708
Expenses		
Management fees (note 8)	1,019	937
Other	101	90
Total expenses	1,120	1,027
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 3,360	\$ 2,681

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 38,929	\$ 36,299
Contractholder deposits	2,567	2,757
Contractholder withdrawals	(3,559)	(2,808)
Increase (decrease) in net assets from operations attributable to contractholders	3,360	2,681
Change in net assets attributable to contractholders	2,368	2,630
Net assets attributable to contractholders - end of year	\$ 41,297	\$ 38,929

Balanced Income Fund 6.60F

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 3,360	\$ 2,681
Adjustments		
Realized (gains) losses	(2,249)	(2,256)
Unrealized (gains) losses	(2,231)	(1,452)
Gross proceeds of disposition of investments	4,558	7,388
Gross payments for the purchase of investments	(2,446)	(6,310)
	<u>992</u>	<u>51</u>
Financing Activities		
Contractholder deposits	2,567	2,757
Contractholder withdrawals	(3,559)	(2,808)
	<u>(992)</u>	<u>(51)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Balanced Income Fund 6.60F

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Trust Fund 6.01F	14,900	18,638
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 2.15% 12-15-2031 144A	2.20%	
Government of Canada 0.50% 12-01-2030	1.44%	
Province of Ontario 2.70% 06-02-2029	1.32%	
Province of Quebec 5.00% 12-01-2041	1.31%	
Province of Ontario 5.85% 03-08-2033	1.24%	
Canadian Large Cap Equity Index Fund 6.73G	1,808	3,405
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
Canadian Systematic Equity Fund 6.15F	5,122	10,227
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	9.62%	
The Toronto-Dominion Bank	6.35%	
Brookfield Asset Management Inc.	6.34%	
Canadian Pacific Railway Ltd.	4.96%	
Constellation Software Inc.	4.35%	
Select International Equity Fund 6.02F	1,913	3,393
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Fidelity US Money Market Investment Trust	4.13%	
Nestle SA	3.06%	
Roche Holding AG Genusscheine	3.00%	
MSCI EAFE Index Future 03-18-2022	2.43%	
AstraZeneca PLC	2.01%	
U.S. Equity Index Fund 6.74G	788	2,257
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	

Balanced Income Fund 6.60F

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Large Cap Core Fund 6.03F	1,180	3,377
<i><u>Top 5 Holdings:</u></i>	<i><u>% of Total</u></i>	
Apple Inc.	8.04%	
Microsoft Corp.	7.56%	
Alphabet Inc. Class C	4.67%	
Amazon.com Inc.	4.21%	
Tesla Inc.	2.50%	
Total Investments	25,711	41,297

Balanced Income Fund 6.60F

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	159,258	159,497	150,245	150,597	180,309	3,056	2,821	2,472	2,192	2,747
75/100 guarantee policy	1,397,281	1,485,787	1,588,740	1,744,396	1,886,466	26,708	26,192	26,074	25,333	28,692
100/100 guarantee policy	6,722	6,904	5,989	5,902	5,319	126	119	97	84	80
PS1 75/75 guarantee policy	101,041	79,898	57,331	33,535	30,942	1,880	1,363	905	465	447
PS1 75/100 guarantee policy	424,250	427,401	391,138	319,580	358,977	7,854	7,255	6,146	4,419	5,169
PS1 100/100 guarantee policy	9,507	9,567	10,072	8,469	8,117	173	160	156	116	116
PS2 75/100 guarantee policy	17,594	20,577	20,113	7,177	7,212	411	430	380	117	119
PS 75/75 guarantee policy	1,347	1,607	1,567	—	—	17	19	17	—	—
PS 75/100 guarantee policy	20,540	2,310	1,959	—	—	264	27	21	—	—
PPS 75/75 guarantee policy	—	—	2,812	2,840	—	—	—	31	27	—
PPS 75/100 guarantee policy	61,675	45,723	—	—	—	808	543	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	19.19	17.69	16.46	14.56	15.24	1.50	1.23
75/100 guarantee policy	19.11	17.63	16.41	14.52	15.21	1.48	1.22
100/100 guarantee policy	18.73	17.30	16.13	14.30	15.00	1.43	1.17
PS1 75/75 guarantee policy	18.61	17.06	15.78	13.88	14.44	1.55	1.28
PS1 75/100 guarantee policy	18.51	16.98	15.71	13.83	14.40	1.53	1.27
PS1 100/100 guarantee policy	18.23	16.74	15.52	13.68	14.27	1.49	1.22
PS2 75/100 guarantee policy	23.36	20.90	18.89	16.23	16.49	2.46	2.01
PS 75/75 guarantee policy	12.86	11.73	10.79	—	—	1.13	0.94
PS 75/100 guarantee policy	12.84	11.71	10.78	—	—	1.13	0.93
PPS 75/75 guarantee policy	—	—	10.89	9.47	—	—	—
PPS 75/100 guarantee policy	13.10	11.88	—	—	—	1.22	1.00

Balanced Income Fund 6.60F

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Income Fund 6.60F (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Income Fund 6.60F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Income Fund 6.60F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Income Fund 6.60F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Income Fund 6.60F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Income Fund 6.60F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Income Fund 6.60F

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Income Fund 6.60F

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Income Fund 6.60F

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Income Fund 6.60F

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Income Fund 6.60F

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Income Fund 6.60F

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.98	2.97	2.93	2.94	2.93
75/100 guarantee policy	3.04	3.03	2.98	3.00	2.99
100/100 guarantee policy	3.19	3.18	3.13	3.15	3.16
PS1 75/75 guarantee policy	2.41	2.40	2.36	2.37	2.36
PS1 75/100 guarantee policy	2.47	2.46	2.41	2.43	2.42
PS1 100/100 guarantee policy	2.63	2.62	2.58	2.59	2.56
PS 75/75 guarantee policy	1.88	1.88	1.83	—	—
PS 75/100 guarantee policy	1.92	1.93	1.88	—	—
PPS 75/75 guarantee policy	—	—	1.26	1.26	—
PPS 75/100 guarantee policy	1.36	1.35	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	6.10	17.24	8.47	4.04	8.31

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE GROWTH FUND 6.61F

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Growth Fund 6.61F (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Growth Fund 6.61F

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	28,462	28,845
Total investments	28,462	28,845
Total assets	\$ 28,462	\$ 28,845
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 28,462	\$ 28,845

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 2,482	\$ 2,854
Miscellaneous income (loss)	—	—
Total income	2,482	2,854
Expenses		
Management fees (note 8)	715	717
Other	86	88
Total expenses	801	805
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,681	\$ 2,049

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 28,845	\$ 30,003
Contractholder deposits	1,317	332
Contractholder withdrawals	(3,381)	(3,539)
Increase (decrease) in net assets from operations attributable to contractholders	1,681	2,049
Change in net assets attributable to contractholders	(383)	(1,158)
Net assets attributable to contractholders - end of year	\$ 28,462	\$ 28,845

Moderate Growth Fund 6.61F

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,681	\$ 2,049
Adjustments		
Realized (gains) losses	(1,571)	(1,772)
Unrealized (gains) losses	(911)	(1,082)
Gross proceeds of disposition of investments	4,550	7,717
Gross payments for the purchase of investments	(1,685)	(3,705)
	<u>2,064</u>	<u>3,207</u>
Financing Activities		
Contractholder deposits	1,317	332
Contractholder withdrawals	(3,381)	(3,539)
	<u>(2,064)</u>	<u>(3,207)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Moderate Growth Fund 6.61F

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Trust Fund 6.01F	12,915	15,702
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 2.15% 12-15-2031 144A	2.20%	
Government of Canada 0.50% 12-01-2030	1.44%	
Province of Ontario 2.70% 06-02-2029	1.32%	
Province of Quebec 5.00% 12-01-2041	1.31%	
Province of Ontario 5.85% 03-08-2033	1.24%	
Canadian Large Cap Equity Index Fund 6.73G	1,106	1,918
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
Canadian Systematic Equity Fund 6.15F	3,283	5,760
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	9.62%	
The Toronto-Dominion Bank	6.35%	
Brookfield Asset Management Inc.	6.34%	
Canadian Pacific Railway Ltd.	4.96%	
Constellation Software Inc.	4.35%	
Select International Equity Fund 6.02F	1,236	1,911
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Fidelity US Money Market Investment Trust	4.13%	
Nestle SA	3.06%	
Roche Holding AG Genusscheine	3.00%	
MSCI EAFE Index Future 03-18-2022	2.43%	
AstraZeneca PLC	2.01%	
U.S. Equity Index Fund 6.74G	583	1,270
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	

Moderate Growth Fund 6.61F

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Large Cap Core Fund 6.03F	859	1,901
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	8.04%	
Microsoft Corp.	7.56%	
Alphabet Inc. Class C	4.67%	
Amazon.com Inc.	4.21%	
Tesla Inc.	2.50%	
Total Investments	19,982	28,462

Moderate Growth Fund 6.61F

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	102,688	97,511	125,828	121,379	129,991	1,812	1,625	1,953	1,690	1,884
75/100 guarantee policy	998,256	1,127,023	1,215,333	1,256,232	1,146,900	17,522	18,684	18,781	17,422	16,566
100/100 guarantee policy	25,053	21,679	13,414	15,123	7,732	432	354	204	207	111
PS1 75/75 guarantee policy	31,914	18,356	17,581	19,255	19,797	544	294	261	255	271
PS1 75/100 guarantee policy	459,504	474,840	573,923	564,486	452,658	7,798	7,567	8,476	7,438	6,176
PS1 100/100 guarantee policy	1,247	2,755	4,536	2,850	2,908	21	43	66	37	39
PS2 75/100 guarantee policy	429	3,262	3,506	12,881	16,396	9	64	62	199	256
PS 75/75 guarantee policy	236	—	—	—	—	3	—	—	—	—
PS 75/100 guarantee policy	5,803	6,744	7,358	7,844	—	73	79	79	75	—
PPS 75/100 guarantee policy	19,445	11,441	11,170	6,171	—	248	135	121	59	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	17.65	16.66	15.52	13.92	14.50	0.99	1.14
75/100 guarantee policy	17.55	16.58	15.45	13.87	14.44	0.97	1.13
100/100 guarantee policy	17.24	16.31	15.23	13.69	14.29	0.93	1.08
PS1 75/75 guarantee policy	17.06	16.01	14.83	13.23	13.69	1.05	1.18
PS1 75/100 guarantee policy	16.97	15.94	14.77	13.18	13.64	1.03	1.17
PS1 100/100 guarantee policy	16.70	15.71	14.58	13.03	13.51	0.99	1.13
PS2 75/100 guarantee policy	21.41	19.62	17.75	15.46	15.62	1.79	1.87
PS 75/75 guarantee policy	12.50	—	—	—	—	0.83	—
PS 75/100 guarantee policy	12.48	11.66	10.74	9.53	—	0.82	0.92
PPS 75/100 guarantee policy	12.74	11.83	10.84	9.56	—	0.91	0.99

Moderate Growth Fund 6.61F

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Growth Fund 6.61F (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Growth Fund 6.61F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Growth Fund 6.61F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Growth Fund 6.61F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Growth Fund 6.61F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Growth Fund 6.61F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Growth Fund 6.61F

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Growth Fund 6.61F

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Growth Fund 6.61F

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Growth Fund 6.61F

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Growth Fund 6.61F

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Growth Fund 6.61F

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.99	3.00	2.96	2.97	2.95
75/100 guarantee policy	3.04	3.04	3.00	3.01	3.00
100/100 guarantee policy	3.20	3.20	3.17	3.17	3.19
PS1 75/75 guarantee policy	2.39	2.40	2.36	2.37	2.36
PS1 75/100 guarantee policy	2.46	2.46	2.42	2.42	2.41
PS1 100/100 guarantee policy	2.65	2.63	2.59	2.60	2.59
PS 75/75 guarantee policy	1.87	—	—	—	—
PS 75/100 guarantee policy	1.92	1.92	1.88	1.87	—
PPS 75/100 guarantee policy	1.33	1.34	1.29	1.29	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	5.90	12.95	8.87	15.89	13.96

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE INCOME FUND 6.62F

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Income Fund 6.62F (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Income Fund 6.62F

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	36,104	37,751
Total investments	36,104	37,751
Total assets	\$ 36,104	\$ 37,751
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 36,104	\$ 37,751

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 2,336	\$ 3,576
Miscellaneous income (loss)	—	—
Total income	2,336	3,576
Expenses		
Management fees (note 8)	756	779
Other	94	98
Total expenses	850	877
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,486	\$ 2,699

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 37,751	\$ 36,054
Contractholder deposits	932	3,220
Contractholder withdrawals	(4,065)	(4,222)
Increase (decrease) in net assets from operations attributable to contractholders	1,486	2,699
Change in net assets attributable to contractholders	(1,647)	1,697
Net assets attributable to contractholders - end of year	\$ 36,104	\$ 37,751

Moderate Income Fund 6.62F

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,486	\$ 2,699
Adjustments		
Realized (gains) losses	(1,958)	(1,745)
Unrealized (gains) losses	(378)	(1,831)
Gross proceeds of disposition of investments	6,527	9,027
Gross payments for the purchase of investments	(2,544)	(7,148)
	<u>3,133</u>	<u>1,002</u>
Financing Activities		
Contractholder deposits	932	3,220
Contractholder withdrawals	(4,065)	(4,222)
	<u>(3,133)</u>	<u>(1,002)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Moderate Income Fund 6.62F

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Trust Fund 6.01F	19,738	23,518
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 2.15% 12-15-2031 144A	2.20%	
Government of Canada 0.50% 12-01-2030	1.44%	
Province of Ontario 2.70% 06-02-2029	1.32%	
Province of Quebec 5.00% 12-01-2041	1.31%	
Province of Ontario 5.85% 03-08-2033	1.24%	
Canadian Large Cap Equity Index Fund 6.73G	1,159	1,892
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.94%	
Royal Bank of Canada	7.69%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.49%	
The Bank of Nova Scotia	4.38%	
Canadian Systematic Equity Fund 6.15F	3,505	5,679
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	9.62%	
The Toronto-Dominion Bank	6.35%	
Brookfield Asset Management Inc.	6.34%	
Canadian Pacific Railway Ltd.	4.96%	
Constellation Software Inc.	4.35%	
Select International Equity Fund 6.02F	1,297	1,886
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Fidelity US Money Market Investment Trust	4.13%	
Nestle SA	3.06%	
Roche Holding AG Genusscheine	3.00%	
MSCI EAFE Index Future 03-18-2022	2.43%	
AstraZeneca PLC	2.01%	
U.S. Equity Index Fund 6.74G	654	1,253
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.71%	
Microsoft Corp.	6.12%	
Amazon.com Inc.	3.52%	
Tesla Inc.	2.09%	
Alphabet Inc. Class A	2.08%	

Moderate Income Fund 6.62F

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Large Cap Core Fund 6.03F	972	1,877
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	8.04%	
Microsoft Corp.	7.56%	
Alphabet Inc. Class C	4.67%	
Amazon.com Inc.	4.21%	
Tesla Inc.	2.50%	
Total Investments	27,325	36,104

Moderate Income Fund 6.62F

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	171,712	173,326	196,563	194,410	175,123	2,861	2,786	2,935	2,636	2,454
75/100 guarantee policy	950,064	1,077,543	1,246,268	1,347,054	1,572,821	15,758	17,245	18,540	18,207	21,982
100/100 guarantee policy	12,848	14,434	14,448	14,067	21,853	210	228	212	188	303
PS1 75/75 guarantee policy	68,214	39,165	39,361	29,468	18,833	1,088	599	556	376	247
PS1 75/100 guarantee policy	758,785	855,595	845,843	725,034	1,048,915	12,041	13,024	11,900	9,214	13,702
PS1 100/100 guarantee policy	11,896	8,169	8,352	8,275	7,804	186	123	116	104	101
PS2 75/75 guarantee policy	168,164	172,607	68,019	4,990	—	3,315	3,190	1,136	74	—
PS2 75/100 guarantee policy	22,741	24,393	31,813	15,814	11,954	448	451	531	233	177
PS 75/75 guarantee policy	—	—	2,499	—	—	—	—	27	—	—
PS 75/100 guarantee policy	6,140	5,164	5,210	2,227	—	75	60	56	21	—
PPS 75/100 guarantee policy	9,751	3,827	4,136	5,783	—	122	45	45	56	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	16.67	16.07	14.93	13.56	14.01	0.60	1.14
75/100 guarantee policy	16.59	16.00	14.88	13.52	13.98	0.59	1.12
100/100 guarantee policy	16.32	15.77	14.69	13.36	13.84	0.55	1.08
PS1 75/75 guarantee policy	15.96	15.30	14.13	12.76	13.11	0.66	1.17
PS1 75/100 guarantee policy	15.87	15.22	14.07	12.71	13.06	0.65	1.15
PS1 100/100 guarantee policy	15.61	15.00	13.89	12.57	12.94	0.61	1.11
PS2 75/75 guarantee policy	19.71	18.48	16.70	14.75	—	1.23	1.78
PS2 75/100 guarantee policy	19.71	18.48	16.70	14.75	14.82	1.23	1.78
PS 75/75 guarantee policy	—	—	10.73	—	—	—	—
PS 75/100 guarantee policy	12.23	11.67	10.73	9.64	—	0.56	0.94
PPS 75/100 guarantee policy	12.48	11.84	10.82	9.66	—	0.64	1.02

Moderate Income Fund 6.62F

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Income Fund 6.62F (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Income Fund 6.62F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Income Fund 6.62F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Income Fund 6.62F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Income Fund 6.62F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Income Fund 6.62F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Income Fund 6.62F

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Income Fund 6.62F

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Income Fund 6.62F

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Income Fund 6.62F

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Income Fund 6.62F

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Income Fund 6.62F

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.82	2.83	2.79	2.79	2.78
75/100 guarantee policy	2.88	2.88	2.84	2.86	2.84
100/100 guarantee policy	3.03	3.04	3.00	3.02	2.99
PS1 75/75 guarantee policy	2.23	2.24	2.20	2.21	2.21
PS1 75/100 guarantee policy	2.30	2.30	2.26	2.27	2.25
PS1 100/100 guarantee policy	2.46	2.47	2.43	2.44	2.43
PS 75/75 guarantee policy	—	—	1.65	—	—
PS 75/100 guarantee policy	1.75	1.75	1.71	1.71	—
PPS 75/100 guarantee policy	1.16	1.17	1.13	1.13	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	6.94	19.98	12.48	11.41	17.08

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

MONTHLY INCOME FUND 8.24L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Monthly Income Fund 8.24L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Monthly Income Fund 8.24L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	89,043	98,063
Total investments	89,043	98,063
Total assets	\$ 89,043	\$ 98,063
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 89,043	\$ 98,063

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 8,827	\$ 3,193
Miscellaneous income (loss)	—	—
Total income	8,827	3,193
Expenses		
Management fees (note 8)	1,919	2,135
Other	212	238
Total expenses	2,131	2,373
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 6,696	\$ 820

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 98,063	\$ 112,585
Contractholder deposits	218	3,873
Contractholder withdrawals	(15,934)	(19,215)
Increase (decrease) in net assets from operations attributable to contractholders	6,696	820
Change in net assets attributable to contractholders	(9,020)	(14,522)
Net assets attributable to contractholders - end of year	\$ 89,043	\$ 98,063

Monthly Income Fund 8.24L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 6,696	\$ 820
Adjustments		
Realized (gains) losses	(10,698)	(2,965)
Unrealized (gains) losses	1,871	(228)
Gross proceeds of disposition of investments	78,497	27,940
Gross payments for the purchase of investments	(60,650)	(10,225)
	<u>15,716</u>	<u>15,342</u>
Financing Activities		
Contractholder deposits	218	3,873
Contractholder withdrawals	(15,934)	(19,215)
	<u>(15,716)</u>	<u>(15,342)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Monthly Income Fund 8.24L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund	40,005	42,290
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund 2.18G	6,508	7,755
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Enhanced Dividend Fund 6.85LAK	11,038	15,677
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Toronto-Dominion Bank	8.72%	
Royal Bank of Canada	8.52%	
Bank of Montreal	8.30%	
The Bank of Nova Scotia	8.24%	
Canadian Imperial Bank of Commerce	6.86%	
Global Dividend Fund 8.26SAM	13,145	15,571
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
International Equity Fund	2,812	3,112
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Nestle SA	3.49%	
ASML Holding NV	2.95%	
Novo Nordisk AS	2.90%	
LVMH Moet Hennessy Louis Vuitton SE	2.73%	
TotalEnergies SE	2.60%	

Monthly Income Fund 8.24L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Dividend Fund 7.76L	2,778	4,638
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	6.52%	
Broadcom Inc.	3.24%	
JPMorgan Chase & Co.	3.14%	
Eaton Corp. PLC	2.51%	
Apple Inc.	2.48%	
Total Investments	76,286	89,043

Monthly Income Fund 8.24L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	591,464	721,054	884,373	934,537	1,003,816	7,761	8,831	10,697	10,342	11,569
75/100 guarantee policy	3,065,401	3,698,632	4,530,566	4,499,362	3,595,119	39,911	44,998	54,495	49,574	41,298
100/100 guarantee policy	79,501	86,134	91,340	91,846	83,123	1,023	1,037	1,090	1,005	950
PS1 75/75 guarantee policy	492,950	715,835	774,043	760,627	597,524	6,676	9,008	9,576	8,571	6,980
PS1 75/100 guarantee policy	1,830,267	1,949,085	2,147,645	2,112,244	1,649,076	24,501	24,284	26,350	23,644	19,169
PS1 100/100 guarantee policy	9,466	17,057	35,697	29,194	15,787	125	210	433	324	182
PS2 75/75 guarantee policy	160,352	170,640	261,767	288,503	226,684	2,516	2,436	3,598	3,536	2,820
PS2 75/100 guarantee policy	208,892	302,521	312,676	309,139	263,015	3,278	4,319	4,297	3,789	3,271
PS 75/75 guarantee policy	4,734	13,317	18,138	18,062	—	56	145	192	173	—
PS 75/100 guarantee policy	214,689	208,159	126,576	29,855	—	2,515	2,254	1,340	286	—
PPS 75/75 guarantee policy	16,845	17,261	19,037	5,039	—	201	189	203	48	—
PPS 75/100 guarantee policy	40,374	32,215	29,510	2,176	—	480	352	314	21	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	13.12	12.25	12.10	11.07	11.53	0.87	0.15
75/100 guarantee policy	13.02	12.17	12.03	11.02	11.49	0.85	0.14
100/100 guarantee policy	12.87	12.05	11.93	10.95	11.43	0.82	0.12
PS1 75/75 guarantee policy	13.54	12.58	12.37	11.27	11.68	0.96	0.21
PS1 75/100 guarantee policy	13.39	12.46	12.27	11.19	11.62	0.93	0.19
PS1 100/100 guarantee policy	13.18	12.29	12.13	11.09	11.55	0.89	0.16
PS2 75/75 guarantee policy	15.69	14.28	13.74	12.26	12.44	1.41	0.54
PS2 75/100 guarantee policy	15.69	14.28	13.74	12.26	12.44	1.41	0.54
PS 75/75 guarantee policy	11.76	10.86	10.60	9.59	—	0.90	0.26
PS 75/100 guarantee policy	11.72	10.83	10.59	9.59	—	0.89	0.24
PPS 75/75 guarantee policy	11.95	10.98	10.68	9.62	—	0.97	0.30
PPS 75/100 guarantee policy	11.88	10.94	10.65	9.61	—	0.94	0.29

Monthly Income Fund 8.24L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Monthly Income Fund 8.24L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Monthly Income Fund 8.24L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Monthly Income Fund 8.24L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Monthly Income Fund 8.24L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Monthly Income Fund 8.24L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Monthly Income Fund 8.24L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Monthly Income Fund 8.24L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Monthly Income Fund 8.24L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Monthly Income Fund 8.24L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Monthly Income Fund 8.24L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Monthly Income Fund 8.24L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.57	2.57	2.58	2.58	2.57
75/100 guarantee policy	2.68	2.68	2.69	2.69	2.68
100/100 guarantee policy	2.84	2.84	2.85	2.86	2.84
PS1 75/75 guarantee policy	2.11	2.11	2.12	2.12	2.11
PS1 75/100 guarantee policy	2.28	2.28	2.29	2.29	2.28
PS1 100/100 guarantee policy	2.50	2.51	2.51	2.51	2.49
PS 75/75 guarantee policy	1.48	1.46	1.46	1.45	—
PS 75/100 guarantee policy	1.56	1.56	1.57	1.57	—
PPS 75/75 guarantee policy	1.00	1.00	1.00	1.00	—
PPS 75/100 guarantee policy	1.16	1.17	1.17	1.17	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	65.03	9.96	17.33	15.53	14.05

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

BOND FUND

December 31, 2021

Independent Auditor's Report

To the Contractholders of Bond Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Bond Fund

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 109,119	\$ 22,814
Investment income due and accrued	9,147	13,392
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	1,876,211	2,541,913
Stocks	30,900	—
Investment fund units	—	—
Total investments	1,907,111	2,541,913
Total assets	\$ 2,025,377	\$ 2,578,119
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	225	480
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	440	—
Total liabilities excluding net assets attributable to contractholders	665	480
Net assets attributable to contractholders	\$ 2,024,712	\$ 2,577,639

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (66,943)	\$ 242,427
Miscellaneous income (loss)	861	1,104
Total income	(66,082)	243,531
Expenses		
Management fees (note 8)	5,673	6,834
Transaction costs	3	—
Withholding taxes	—	—
Other	744	804
Total expenses	6,420	7,638
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (72,502)	\$ 235,893

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 2,577,639	\$ 2,926,817
Contractholder deposits	200,296	159,097
Contractholder withdrawals	(680,721)	(744,168)
Increase (decrease) in net assets from operations attributable to contractholders	(72,502)	235,893
Change in net assets attributable to contractholders	(552,927)	(349,178)
Net assets attributable to contractholders - end of year	\$ 2,024,712	\$ 2,577,639

Bond Fund

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (72,502)	\$ 235,893
Adjustments		
Add back amortization of premium (discount)	(2,436)	—
Realized (gains) losses	(112,092)	(37,323)
Unrealized (gains) losses	235,670	(121,196)
Gross proceeds of disposition of investments	2,545,537	957,831
Gross payments for the purchase of investments	(2,031,437)	(442,541)
Change in investment income due and accrued	4,245	2,114
Change in due from/to The Canada Life Assurance Company	(255)	784
Change in due from/to brokers	—	(1,606)
	566,730	593,956
Financing Activities		
Contractholder deposits	200,296	159,097
Contractholder withdrawals	(680,721)	(744,168)
	(480,425)	(585,071)
Net increase (decrease) in cash, short-term deposits and overdrafts	86,305	8,885
Cash, short-term deposits and overdrafts, beginning of year	22,814	13,929
Cash, short-term deposits and overdrafts, end of year	\$ 109,119	\$ 22,814
Supplementary cash flow information		
Interest income received	\$ 57,062	\$ 85,966
Dividend income received	1,163	—

Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.95% 12-15-2025	19,640,000	20,420	20,024
Canada Housing Trust No. 1 Floating Rate 09-15-2026	36,100,000	36,100	36,181
Government of Canada 0.75% 10-01-2024	83,050,000	81,777	82,291
Government of Canada 1.00% 09-01-2026	49,763,000	48,970	49,200
Government of Canada 1.50% 06-01-2031	18,218,000	18,204	18,347
Government of Canada 1.75% 12-01-2053	289,000	272	292
Government of Canada 2.00% 12-01-2051	12,330,000	12,975	13,269
Government of Canada 3.00% 12-01-2036 Real Return	40,254,000	79,328	84,479
Total Federal Government		298,046	304,083
Provincial Governments			
Ontario Power Generation Inc. 3.215% 04-08-2030	2,000,000	2,133	2,123
Province of Alberta 2.95% 06-01-2052	15,040,000	15,400	16,350
Province of Alberta 3.05% 12-01-2048	4,540,000	4,717	4,970
Province of Alberta 3.10% 06-01-2050	7,484,000	7,974	8,314
Province of Alberta 3.45% 12-01-2043	13,305,000	14,215	15,300
Province of British Columbia 1.55% 06-18-2031	32,660,000	30,954	31,477
Province of British Columbia 2.75% 06-18-2052	200,000	199	215
Province of British Columbia 2.80% 06-18-2048	980,000	993	1,052
Province of British Columbia 2.85% 06-18-2025	13,590,000	13,937	14,253
Province of British Columbia 2.95% 06-18-2050	38,290,000	40,803	42,503
Province of Manitoba 2.05% 09-05-2052	7,610,000	6,206	6,850
Province of Manitoba 3.20% 03-05-2050	12,260,000	13,077	13,898
Province of Nova Scotia 4.50% 06-01-2037	8,887,000	9,022	11,269
Province of Ontario 1.55% 11-01-2029	12,550,000	12,519	12,270
Province of Ontario 1.90% 12-02-2051	45,720,000	37,539	40,440
Province of Ontario 2.25% 12-02-2031	19,651,000	19,625	19,947
Province of Ontario 2.55% 12-02-2052	2,290,000	2,193	2,342
Province of Ontario 2.60% 06-02-2025	7,471,000	7,918	7,757
Province of Ontario 2.65% 12-02-2050	6,170,000	6,390	6,414
Province of Ontario 3.45% 06-02-2045	12,550,000	14,323	14,728
Province of Quebec 1.50% 09-01-2031	51,757,000	51,430	49,495
Province of Quebec 3.10% 12-01-2051	51,537,000	57,363	59,072
Province of Quebec 3.50% 12-01-2048	6,500,000	7,514	7,858
Province of Saskatchewan 2.15% 06-02-2031	7,460,000	7,450	7,528
Province of Saskatchewan 2.80% 12-02-2052	7,988,000	8,077	8,475

Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Saskatchewan 3.10% 06-02-2050	2,040,000	2,161	2,272
Total Provincial Governments		394,132	407,172
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	14,600,000	14,927	14,676
407 International Inc. 4.19% 04-25-2042	9,975,000	10,183	11,726
407 International Inc. 5.96% 12-03-2035	8,711,000	11,063	11,852
Aéroports de Montreal 3.03% 04-21-2050	8,645,000	9,089	8,685
AIMCo Realty Investors LP 2.195% 11-04-2026	1,380,000	1,380	1,393
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	390,000	443	423
Algonquin Power Co. 2.85% 07-15-2031	1,350,000	1,351	1,367
Allied Properties REIT 1.726% 02-12-2026	680,000	680	664
AltaGas Ltd. 2.166% 03-16-2027	1,040,000	1,040	1,023
AltaLink LP 3.717% 12-03-2046	10,375,000	10,244	11,792
AltaLink LP 3.99% 06-30-2042	3,380,000	3,926	3,929
ARC Resources Ltd. 2.354% 03-10-2026	2,200,000	2,200	2,200
ARC Resources Ltd. 3.465% 03-10-2031	2,220,000	2,220	2,277
Bank of Montreal 1.551% 05-28-2026	2,541,000	2,541	2,495
Bank of Montreal 1.758% 03-10-2026	3,870,000	3,870	3,842
Bank of Montreal 1.928% 07-22-2031	2,190,000	2,190	2,155
Bank of Montreal 4.61% 09-10-2025	14,456,000	15,399	15,973
BCI QuadReal Realty 1.056% 03-12-2024	1,170,000	1,170	1,159
BCI QuadReal Realty 1.073% 02-04-2026	1,720,000	1,720	1,667
Bell Canada Inc. 1.65% 08-16-2027	1,007,000	976	972
Bell Canada Inc. 2.20% 05-29-2028	1,830,000	1,828	1,809
Bell Canada Inc. 2.90% 09-10-2029	4,979,000	5,086	5,096
Bell Canada Inc. 3.50% 09-30-2050	954,000	977	918
Bell Canada Inc. 4.45% 02-27-2047	370,000	435	414
BMW Canada Inc. 0.99% 01-14-2025	1,052,000	1,052	1,029
British Columbia Ferry Services Inc. 4.289% 04-28-2044	13,145,000	14,929	16,144
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	7,500,000	7,260	7,343
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	1,431,000	1,614	1,524
Brookfield Renewable Partners ULC 3.38% 01-15-2030	482,000	522	511
Brookfield Renewable Partners ULC 4.25% 01-15-2029	8,699,000	9,927	9,694
Bruce Power LP 4.132% 06-21-2033	10,550,000	10,590	11,690
Calgary Airport Authority 3.199% 10-07-2036	660,000	660	678

Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Canada Housing Trust No. 1 Floating Rate 03-15-2026	94,640,000	94,971	94,931
Canada Housing Trust No. 1 Floating Rate 09-15-2024	50,000,000	50,383	50,334
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	22,030,000	21,976	21,311
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	3,320,000	3,319	3,277
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	15,732,000	16,000	15,815
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	1,620,000	1,620	1,592
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	5,040,000	5,040	5,036
Canadian Imperial Bank of Commerce Floating Rate 06-10-2024	630,000	630	631
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	2,760,000	2,760	2,755
Canadian National Railway Co. 3.00% 02-08-2029	13,910,000	14,252	14,604
Canadian Natural Resources Ltd. 3.55% 06-03-2024	19,980,000	20,021	20,728
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	3,570,000	3,570	3,631
Canadian Tire Corp. Ltd. 3.167% 07-06-2023	23,360,000	23,287	23,920
Canadian Tire Corp. Ltd. 5.61% 09-04-2035	10,020,000	10,157	11,603
Canadian Western Bank 1.926% 04-16-2026	1,980,000	1,980	1,963
Canadian Western Bank 2.606% 01-30-2025	910,000	933	928
Canadian Western Bank Floating Rate 01-22-2024	2,970,000	2,970	2,974
Capital Power Corp. 4.284% 09-18-2024	2,418,000	2,670	2,558
CDP Financial Inc. 1.50% 10-19-2026	3,750,000	3,744	3,738
CGI Inc. 2.10% 09-18-2028	960,000	959	944
Choice Properties REIT 2.456% 11-30-2026	790,000	790	797
Choice Properties REIT 2.848% 05-21-2027	1,490,000	1,525	1,526
Cogeco Communications Inc. 2.991% 09-22-2031	2,061,000	2,050	2,050
Crombie REIT 2.686% 03-31-2028	2,898,000	2,900	2,894
Crombie REIT 3.133% 08-12-2031	690,000	690	683
CU Inc. 4.085% 09-02-2044	1,390,000	1,558	1,629
CU Inc. 4.543% 10-24-2041	14,788,000	15,970	18,175
CU Inc. 5.556% 10-30-2037	10,725,000	13,778	14,341
Dream Industrial REIT 1.662% 12-22-2025	920,000	919	904
Dream Industrial REIT 2.057% 06-17-2027	1,180,000	1,180	1,162
Dream Industrial REIT 2.539% 12-07-2026	1,030,000	1,030	1,041
Enbridge Gas Inc. 2.90% 04-01-2030	7,535,000	7,838	7,866
Enbridge Gas Inc. 3.20% 09-15-2051	800,000	799	819
Enbridge Gas Inc. 3.65% 04-01-2050	260,000	281	288
Enbridge Inc. 3.10% 09-21-2033	3,070,000	3,059	3,033
Enbridge Inc. 5.375% 09-27-2077	5,000,000	5,395	5,289
Enbridge Inc. 6.625% 04-12-2078	7,980,000	9,272	9,044

Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Enbridge Pipelines Inc. 4.33% 02-22-2049	1,210,000	1,267	1,307
Enbridge Pipelines Inc. 5.33% 04-06-2040	8,725,000	9,325	10,446
Energir Inc. 2.10% 04-16-2027	3,729,000	3,822	3,765
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	4,190,000	4,202	4,368
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	3,990,000	4,307	4,278
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	1,450,000	1,450	1,422
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	2,540,000	2,703	2,597
Fortified Trust 1.964% 10-23-2026	3,220,000	3,220	3,228
Granite REIT Holdings LP 2.194% 08-30-2028	1,590,000	1,590	1,569
Greater Toronto Airports Authority 2.75% 10-17-2039	15,825,000	15,916	15,594
Greater Toronto Airports Authority 3.04% 09-21-2022	9,080,000	9,108	9,176
Greater Toronto Airports Authority 5.30% 02-25-2041	6,970,000	8,031	9,387
Greater Toronto Airports Authority 6.47% 02-02-2034	5,350,000	6,177	7,372
Greater Toronto Airports Authority 6.98% 10-15-2032	9,550,000	10,827	13,307
H&R REIT 2.633% 02-19-2027	2,673,000	2,680	2,670
H&R REIT 2.906% 06-02-2026	4,974,000	5,089	5,055
H&R REIT 4.071% 06-16-2025	4,844,000	5,224	5,120
Honda Canada Finance Inc. 1.337% 03-17-2026	2,380,000	2,380	2,318
Honda Canada Finance Inc. 1.646% 02-25-2028	2,800,000	2,800	2,712
Honda Canada Finance Inc. Floating Rate 02-26-2024	2,726,000	2,726	2,726
Hydro One Inc. 2.23% 09-17-2031	2,160,000	2,158	2,134
Hydro One Inc. 3.10% 09-15-2051	550,000	530	560
Hydro One Inc. 4.39% 09-26-2041	12,954,000	13,217	15,665
Hydro One Inc. 5.36% 05-20-2036	12,232,000	12,766	15,933
Hyundai Capital Canada Inc. 2.008% 05-12-2026	1,150,000	1,150	1,140
Intact Financial Corp. 2.179% 05-18-2028	1,190,000	1,190	1,187
Intact Financial Corp. 4.125% 03-31-2081	460,000	460	469
Inter Pipeline Ltd. 2.608% 09-13-2023	11,100,000	11,442	11,242
Inter Pipeline Ltd. 3.484% 12-16-2026	2,678,000	2,836	2,768
Interprovincial Pipe Line Ltd. 8.20% 02-15-2024	6,115,000	7,111	6,890
John Deere Financial Inc. 1.63% 04-09-2026	550,000	550	544
Keyera Corp. 3.959% 05-29-2030	2,960,000	3,146	3,150
Laurentian Bank of Canada 1.15% 06-03-2024	1,885,000	1,885	1,858
Laurentian Bank of Canada 1.603% 05-06-2026	470,000	470	467
Loblaw Companies Ltd. 6.85% 03-01-2032	9,563,000	9,454	12,495
Lower Mattagami Energy LP 2.433% 05-14-2031	1,510,000	1,510	1,534
Manulife Bank of Canada 1.536% 09-14-2026	2,240,000	2,240	2,196

Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Manulife Financial Corp. 3.375% 06-19-2081	4,730,000	4,730	4,592
Manulife Financial Corp. 4.10% 03-19-2082	1,710,000	1,710	1,694
National Bank of Canada 1.534% 06-15-2026	1,360,000	1,360	1,335
National Bank of Canada 2.237% 11-04-2026	1,950,000	1,950	1,966
National Bank of Canada 2.545% 07-12-2024	14,706,000	15,388	15,023
National Bank of Canada 2.58% 02-03-2025	9,957,000	10,103	10,191
North West Redwater Partnership 2.80% 06-01-2027	2,200,000	2,279	2,259
North West Redwater Partnership 3.20% 04-24-2026	23,095,000	23,446	24,101
North West Redwater Partnership 3.70% 02-23-2043	15,930,000	15,077	16,503
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	3,280,000	3,274	3,290
Ontario Teachers' Cadillac Fairview Properties Trust 2.50% 10-15-2031	690,000	857	875
Ottawa MacDonald-Cartier International Airport Authority 6.973% 05-25-2032	2,851,822	2,898	3,500
Pembina Pipeline Corp. 3.53% 12-10-2031	1,240,000	1,240	1,268
Pembina Pipeline Corp. 4.54% 04-03-2049	420,000	429	446
Pembina Pipeline Corp. 4.67% 05-28-2050	450,000	469	488
Pembina Pipeline Corp. 4.74% 01-21-2047	670,000	737	730
Pembina Pipeline Corp. 4.75% 03-26-2048	8,165,000	8,595	8,932
Pembina Pipeline Corp. 4.81% 03-25-2044	6,928,000	7,356	7,585
Prime Structured Mortgage Trust 1.856% 11-15-2024	2,120,000	2,120	2,125
Reliance LP 2.67% 08-01-2028	1,630,000	1,631	1,629
Reliance LP 2.68% 12-01-2027	1,710,000	1,731	1,717
RioCan REIT 2.829% 11-08-2028	690,000	690	696
Royal Bank of Canada 1.67% 01-28-2033	3,685,000	3,685	3,525
Royal Bank of Canada 1.833% 07-31-2028	3,480,000	3,480	3,402
Royal Bank of Canada 2.088% 06-30-2030	5,970,000	5,970	5,969
Royal Bank of Canada 2.14% 11-03-2031	2,780,000	2,779	2,756
Royal Bank of Canada 2.328% 01-28-2027	9,635,000	9,935	9,746
Sagen MI Canada Inc. 3.261% 03-05-2031	1,869,000	1,868	1,892
Sagen MI Canada Inc. 4.95% 03-24-2081	1,030,000	1,030	1,039
Saputo Inc. 2.297% 06-22-2028	810,000	810	802
Saputo Inc. 2.876% 11-19-2024	22,425,000	23,525	23,018
Sienna Senior Living Inc. 2.82% 03-31-2027	550,000	550	556
Summit Industrial Income REIT 1.82% 04-01-2026	4,277,000	4,241	4,199
Summit Industrial Income REIT 2.25% 01-12-2027	820,000	821	816
Summit Industrial Income REIT 2.44% 07-14-2028	790,000	790	783
Sun Life Financial Inc. 2.58% 05-10-2032	7,350,000	7,469	7,479
Sun Life Financial Inc. 2.80% 11-21-2033	3,130,000	3,129	3,201

Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Sun Life Financial Inc. 3.60% 06-30-2081	1,860,000	1,860	1,830
Sun Life Financial Inc. Floating Rate 09-19-2028	17,005,000	17,097	17,434
Suncor Energy Inc. 3.10% 05-24-2029	9,685,000	10,058	9,968
Suncor Energy Inc. 3.95% 03-04-2051	1,350,000	1,333	1,364
TELUS Corp. 2.05% 10-07-2030	2,066,000	1,943	1,956
TELUS Corp. 2.85% 11-13-2031	1,268,000	1,266	1,264
TELUS Corp. 3.15% 02-19-2030	2,354,000	2,498	2,436
TELUS Corp. 3.30% 05-02-2029	3,831,000	4,045	4,016
TELUS Corp. 3.95% 02-16-2050	3,088,000	3,292	3,156
TELUS Corp. 4.85% 04-05-2044	10,440,000	12,737	12,034
The 55 School Board Trust 5.90% 06-02-2033	13,057,000	13,221	17,413
The Bank of Nova Scotia 1.40% 11-01-2027	6,625,000	6,445	6,357
The Bank of Nova Scotia 2.16% 02-03-2025	1,774,000	1,857	1,794
The Bank of Nova Scotia 3.10% 02-02-2028	13,443,000	13,359	14,315
The Bank of Nova Scotia 3.70% 07-27-2081	3,330,000	3,330	3,257
The Bank of Nova Scotia Floating Rate 08-04-2026	3,340,000	3,340	3,338
The Empire Life Insurance Co. 3.625% 04-17-2026	916,000	916	904
The Independent Order of Foresters 2.885% 10-15-2035	1,574,000	1,579	1,591
The Toronto-Dominion Bank 1.888% 03-08-2028	9,510,000	9,510	9,361
The Toronto-Dominion Bank 1.896% 09-11-2028	3,990,000	3,990	3,913
The Toronto-Dominion Bank 2.85% 03-08-2024	8,495,000	8,716	8,731
The Toronto-Dominion Bank 3.06% 01-26-2032	12,590,000	12,647	13,019
The Toronto-Dominion Bank 3.105% 04-22-2030	12,680,000	13,314	13,093
The Toronto-Dominion Bank 3.60% 10-31-2081	2,010,000	2,010	1,952
Thomson Reuters Corp. 2.239% 05-14-2025	4,559,000	4,695	4,608
TMX Group Ltd. 2.016% 02-12-2031	1,120,000	1,120	1,085
Toronto Hydro Corp. 2.47% 10-20-2031	1,200,000	1,199	1,216
Tourmaline Oil Corp. 2.077% 01-25-2028	854,000	854	832
Tourmaline Oil Corp. 2.529% 02-12-2029	810,000	810	803
Toyota Credit Canada Inc. 1.18% 02-23-2026	1,880,000	1,880	1,827
TransCanada PipeLines Ltd. 3.30% 07-17-2025	7,743,000	8,402	8,074
TransCanada PipeLines Ltd. 3.80% 04-05-2027	10,300,000	11,273	11,008
TransCanada PipeLines Ltd. 4.18% 07-03-2048	1,720,000	1,921	1,797
TransCanada PipeLines Ltd. 6.50% 12-09-2030	4,128,000	3,902	5,052
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	11,170,000	11,712	11,505
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	3,160,000	3,160	3,164
TransCanada Trust 4.20% 03-04-2081	4,200,000	4,200	4,142

Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Transcontinental Inc. 2.28% 07-13-2026	550,000	550	548
Ventas Canada Finance Ltd. 2.45% 01-04-2027	1,380,000	1,377	1,388
Ventas Canada Finance Ltd. 2.80% 04-12-2024	3,007,000	3,076	3,071
Ventas Canada Finance Ltd. 3.30% 12-01-2031	1,500,000	1,495	1,527
Waste Management of Canada Corp. 2.60% 09-23-2026	3,548,000	3,730	3,644
WSP Global Inc. 2.408% 04-19-2028	3,115,000	3,138	3,108
Total Corporate - Non-convertible		1,073,736	1,103,606
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	1,110,000	447	447
Laurentian Bank of Canada 0.878% 03-01-2026	6,245,000	5,920	5,855
Merrill Lynch 0.988% 03-01-2026	6,130,000	5,681	5,610
Scotia Capital Inc. 0.89% 09-01-2026	1,442,000	1,388	1,391
Total Mortgage Backed		13,436	13,303
Total Canadian Bonds		1,779,350	1,828,164
United States Bonds			
Corporate - Non-convertible			
Athene Global Funding Floating Rate 04-09-2024	3,800,000	3,800	3,809
Bank of America Corp. 1.978% 09-15-2027	1,140,000	1,140	1,126
Bank of America Corp. 2.598% 04-04-2029	702,000	716	709
Bank of America Corp. Floating Rate 09-15-2027	2,110,000	2,110	2,123
Goldman Sachs Group Inc. Floating Rate 04-29-2025	4,610,000	4,611	4,621
Nestle Holdings Inc. 2.192% 01-26-2029	1,670,000	1,670	1,689
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	1,030,000	1,239	1,294
The Goldman Sachs Group Inc. 2.599% 11-30-2027	3,090,000	3,090	3,128
Verizon Communications Inc. 2.375% 03-22-2028	7,500,000	7,439	7,511
Wells Fargo & Co. 2.975% 05-19-2026	1,410,000	1,522	1,458
Total Corporate - Non-convertible		27,337	27,468
Total United States Bonds		27,337	27,468

Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	1,160,000	1,273	1,288
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	1,150,000	1,441	1,408
Cayman Islands			
Baidu Inc. 2.375% 08-23-2031	1,610,000	2,028	1,965
Chile			
Colbun SA 3.15% 01-19-2032	1,430,000	1,766	1,791
Interchile SA 4.50% 06-30-2056	710,000	905	959
Japan			
Renesas Electronics Corp. 1.543% 11-26-2024	1,260,000	1,587	1,589
Renesas Electronics Corp. 2.17% 11-25-2026	1,470,000	1,852	1,852
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	2,360,000	2,360	2,370
Heathrow Funding Ltd. 3.726% 04-13-2033	1,900,000	1,941	1,975
Mexico			
Becle SAB de CV 2.50% 10-14-2031	1,760,000	2,207	2,190
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032 144A	580,000	724	737
United Kingdom			
National Grid Electricity Transmission PLC 2.301% 06-22-2029	2,470,000	2,470	2,455
Total Global Bonds		20,554	20,579
Total Bonds		1,827,241	1,876,211

Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Exchange Traded Funds			
Mackenzie Emerging Markets Bond Index ETF *	108,548	10,533	10,256
Mackenzie Emerging Markets Local Currency Bond Index ETF *	242,186	22,672	20,644
Total Canadian Common Stock		33,205	30,900
Total Stocks		33,205	30,900

*The issuer of this security is a related company to the issuer of the Fund.

Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(1,631)	CAD 120.40	US 5YR NOTE 31/03/2022	March 31, 2022	CAD 197,313	CAD 120.98	(144)
(149)	CAD 193.54	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 29,372	CAD 197.13	(295)
Derivatives - Liabilities						(440)
Total Futures Contracts						(440)

Total Derivative Instruments at Fair Value (440)

Transaction Costs (see notes to financial statements (note 2)) (1)

Total Investments 1,860,445 1,906,671

Bond Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Bond Fund (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Bond Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 14,660	\$ 4,277	\$ 18,937	\$	189
Total	\$ 14,660	\$ 4,277	\$ 18,937	\$	189
As Percent of Net Assets Attributable to Contractholders				0.9%	

*Includes both monetary and non-monetary instruments

The Fund had no significant exposure to foreign currency as at December 31, 2020.

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 9,176	\$ 700,434	\$ 414,483	\$ 752,118	\$ 1,876,211

2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 63,300	\$ 858,127	\$ 571,256	\$ 1,049,230	\$ 2,541,913

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$144,700 (\$209,097 at December 31, 2020) or approximately 7.1% (8.1% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

Bond Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	11.9	11.1	3.5	3.5
AA	25.5	23.6	41.8	41.2
A	32.1	29.8	41.0	40.4
BBB	30.2	28.0	13.7	13.5
BB and lower	0.1	0.1	—	—
NR *	0.2	0.1	—	—
Total	100.0	92.7	100.0	98.6

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$309 (nil at December 31, 2020) or approximately 0.0% (nil at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Bond Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 1,876,211	\$ —	\$ 1,876,211
Stocks	30,900	—	—	30,900
Total assets measured at fair value	\$ 30,900	\$ 1,876,211	\$ —	\$ 1,907,111
<u>Liabilities measured at fair value</u>				
Derivatives ⁽¹⁾	\$ 440	\$ —	\$ —	\$ 440
Net assets attributable to contractholders measured at fair value	\$ 30,460	\$ 1,876,211	\$ —	\$ 1,906,671

⁽¹⁾ Excludes collateral pledged to counterparties of \$6,790.

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 2,541,913	\$ —	\$ 2,541,913
Stocks	—	—	—	—
Derivatives	—	—	—	—
Total assets measured at fair value	\$ —	\$ 2,541,913	\$ —	\$ 2,541,913

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Bond Fund

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	279,563	327,476	336,771	296,417	320,699	195,956	234,909	221,932	182,597	194,967
Individual	144,721	182,436	217,051	244,941	312,833	55,843	73,491	81,938	88,173	113,383
75/75 guarantee policy	1,550,156	2,019,212	2,209,099	2,174,101	2,325,309	19,959	27,126	27,795	26,070	28,058
75/100 guarantee policy	5,973,563	7,477,447	8,730,306	8,352,944	8,853,970	76,383	99,816	109,214	99,641	106,340
100/100 guarantee policy	268,465	337,644	430,040	489,780	502,819	3,412	4,482	5,353	5,817	6,016
PS1 75/75 guarantee policy	979,039	1,175,821	1,316,363	1,207,637	1,179,459	11,853	14,769	15,398	13,386	13,081
PS1 75/100 guarantee policy	4,813,250	6,232,096	7,312,099	6,178,608	6,221,857	57,966	77,907	85,176	68,240	68,793
PS1 100/100 guarantee policy	197,618	226,222	241,665	284,246	288,865	2,354	2,800	2,790	3,115	3,173
PS2 75/75 guarantee policy	404,625	723,127	784,014	673,419	718,105	5,606	10,249	10,205	8,190	8,616
PS2 75/100 guarantee policy	1,082,560	1,467,072	1,492,287	1,291,634	1,281,480	14,998	20,793	19,424	15,710	15,376
PS2 100/100 guarantee policy	15,967	16,204	16,443	16,684	32,057	221	230	214	203	385
PS 75/75 guarantee policy	47,170	47,057	63,612	22,249	—	515	534	672	223	—
PS 75/100 guarantee policy	163,797	184,150	227,712	68,990	—	1,786	2,085	2,403	690	—
PS 100/100 guarantee policy	2,421	4,967	5,454	2,719	—	26	56	57	27	—
PPS 75/75 guarantee policy	25,340	38,673	45,169	7,277	—	282	445	481	73	—
PPS 75/100 guarantee policy	43,998	76,901	61,377	34,681	—	489	883	653	348	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	700.94	717.33	659.00	616.01	607.94	(16.39)	58.33
Individual	385.87	402.83	377.51	359.98	362.44	(16.96)	25.32
75/75 guarantee policy	12.88	13.43	12.58	11.99	12.07	(0.55)	0.85
75/100 guarantee policy	12.79	13.35	12.51	11.93	12.01	(0.56)	0.84
100/100 guarantee policy	12.71	13.27	12.45	11.88	11.96	(0.56)	0.82
PS1 75/75 guarantee policy	12.11	12.56	11.70	11.08	11.09	(0.45)	0.86
PS1 75/100 guarantee policy	12.04	12.50	11.65	11.04	11.06	(0.46)	0.85
PS1 100/100 guarantee policy	11.91	12.38	11.55	10.96	10.98	(0.47)	0.83
PS2 75/75 guarantee policy	13.85	14.17	13.02	12.16	12.00	(0.32)	1.15
PS2 75/100 guarantee policy	13.85	14.17	13.02	12.16	12.00	(0.32)	1.15
PS2 100/100 guarantee policy	13.85	14.17	13.02	12.16	12.00	(0.32)	1.15
PS 75/75 guarantee policy	10.93	11.34	10.56	10.01	—	(0.41)	0.78
PS 75/100 guarantee policy	10.91	11.32	10.55	10.01	—	(0.41)	0.77
PS 100/100 guarantee policy	10.89	11.31	10.54	10.00	—	(0.42)	0.77
PPS 75/75 guarantee policy	11.15	11.50	10.65	10.04	—	(0.35)	0.85
PPS 75/100 guarantee policy	11.12	11.48	10.64	10.03	—	(0.36)	0.84

Bond Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Bond Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Bond Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Bond Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Bond Fund

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.03	2.03	2.03	2.04	2.04
75/75 guarantee policy	1.98	1.97	1.98	1.98	1.98
75/100 guarantee policy	2.03	2.03	2.03	2.04	2.03
100/100 guarantee policy	2.09	2.08	2.09	2.09	2.09
PS1 75/75 guarantee policy	1.40	1.40	1.41	1.41	1.40
PS1 75/100 guarantee policy	1.46	1.46	1.46	1.47	1.46
PS1 100/100 guarantee policy	1.57	1.57	1.57	1.58	1.58
PS 75/75 guarantee policy	1.41	1.41	1.41	1.41	—
PS 75/100 guarantee policy	1.47	1.47	1.47	1.47	—
PS 100/100 guarantee policy	1.53	1.52	1.53	1.52	—
PPS 75/75 guarantee policy	0.84	0.84	0.84	0.84	—
PPS 75/100 guarantee policy	0.90	0.90	0.90	0.90	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	99.05	15.87	11.08	15.96	17.92

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

MONEY MARKET FUND

December 31, 2021

Independent Auditor's Report

To the Contractholders of Money Market Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Money Market Fund

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash	\$ 23,424	\$ 7,791
Investment income due and accrued	1,254	—
Due from The Canada Life Assurance Company (note 7)	206	2,857
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	700,368	926,104
Stocks	—	—
Investment fund units	—	—
Total investments	700,368	926,104
Total assets	\$ 725,252	\$ 936,752
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 725,252	\$ 936,752

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,851	\$ 7,021
Miscellaneous income (loss)	194	452
Total income	2,045	7,473
Expenses		
Management fees (note 7)	3,092	4,640
Transaction costs	—	—
Withholding taxes	—	—
Other	340	525
Total expenses	3,432	5,165
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,387)	\$ 2,308

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 936,752	\$ 705,479
Contractholder deposits	342,783	651,391
Contractholder withdrawals	(552,896)	(422,426)
Increase (decrease) in net assets from operations attributable to contractholders	(1,387)	2,308
Change in net assets attributable to contractholders	(211,500)	231,273
Net assets attributable to contractholders - end of year	\$ 725,252	\$ 936,752

Money Market Fund

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,387)	\$ 2,308
Adjustments		
Add back amortization of premium (discount)	2,159	(6,970)
Realized (gains) losses	—	—
Unrealized (gains) losses	—	—
Gross proceeds of disposition of investments	2,995,263	1,911,496
Gross payments for the purchase of investments	(2,771,686)	(2,130,872)
Change in investment income due and accrued	(1,254)	—
Change in due from/to The Canada Life Assurance Company	2,651	(3,103)
	225,746	(227,141)
Financing Activities		
Contractholder deposits	342,783	651,391
Contractholder withdrawals	(552,896)	(422,426)
	(210,113)	228,965
Net increase (decrease) in cash and overdrafts	15,633	1,824
Cash and overdrafts, beginning of year	7,791	5,967
Cash and overdrafts, end of year	\$ 23,424	\$ 7,791
Supplementary cash flow information		
Interest income received	\$ 2,757	\$ 51

Money Market Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 Floating Rate 09-15-2022	62,830,000	63,107	62,977
Federation des Caisses Desjardins du Quebec Floating Rate 08-23-2022	9,710,000	9,710	9,710
Total Federal Government		72,817	72,687
Provincial Government			
Province of Quebec Floating Rate 04-19-2022	27,890,000	28,035	27,942
Province of Saskatchewan Floating Rate 04-01-2023	8,750,000	8,855	8,825
Total Provincial Government		36,890	36,767
Corporate - Non-convertible			
Alectra Inc. 3.033% 07-25-2022	4,999,000	5,103	5,070
Bank of Montreal Floating Rate 02-16-2022	7,410,000	7,412	7,410
Canada Housing Trust No. 1 Floating Rate 03-15-2022	8,120,000	8,144	8,127
Federation des Caisses Desjardins du Quebec 2.091% 01-17-2022	21,810,000	22,126	21,828
Greater Toronto Airports Authority 3.04% 09-21-2022	2,963,000	3,017	3,003
HSBC Bank Canada 2.17% 06-29-2022	11,390,000	11,557	11,487
HSBC Bank Canada 2.253% 09-15-2022	4,250,000	4,321	4,303
John Deere Financial Inc. 2.99% 01-14-2022	21,370,000	21,761	21,392
Manulife Bank of Canada 2.082% 05-26-2022	5,803,000	5,877	5,842
National Bank of Canada 2.11% 03-18-2022	5,460,000	5,539	5,480
OMERS Realty Corp. 1.82% 05-09-2022	4,510,000	4,543	4,529
OPB Finance Trust 1.88% 02-24-2022	12,888,000	13,052	12,917
Royal Bank of Canada 1.968% 03-02-2022	1,390,000	1,403	1,394
Royal Bank of Canada 2.00% 03-21-2022	3,575,000	3,627	3,588
Royal Bank of Canada Floating Rate 11-24-2022	7,125,000	7,125	7,125
The Bank of Nova Scotia 1.83% 04-27-2022	21,088,000	21,294	21,187
The Toronto-Dominion Bank 1.994% 03-23-2022	32,160,000	32,395	32,283
Toyota Credit Canada Inc. 2.02% 02-28-2022	9,770,000	9,829	9,796
Toyota Credit Canada Inc. 2.35% 07-18-2022	5,000,000	5,079	5,052
Total Corporate - Non-convertible		193,204	191,813
Total Canadian Bonds		302,911	301,267

Money Market Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Short Term Notes			
AltaLink LP 0.262% 01-31-2022	2,000,000	2,000	2,000
Bank of China 0.518% 01-18-2022	11,470,000	11,441	11,467
Bank of China 0.568% 04-18-2022	3,000,000	2,987	2,995
Bank of China 0.568% 04-19-2022	3,000,000	2,987	2,995
Bank of China 0.588% 05-12-2022	3,600,000	3,586	3,592
Bay Street Funding Trust 0.282% 03-23-2022	4,300,000	4,297	4,297
Canadian Imperial Bank of Commerce 0.224% 01-20-2022	25,000,000	24,995	24,997
Canadian Imperial Bank of Commerce 0.234% 01-14-2022	16,830,000	16,826	16,829
Canadian Imperial Bank of Commerce 0.235% 01-06-2022	13,845,000	13,842	13,845
Central 1 Credit Union 0.239% 01-04-2022	1,150,000	1,149	1,150
Central 1 Credit Union 0.271% 01-06-2022	3,520,000	3,518	3,520
Central 1 Credit Union 0.282% 02-04-2022	3,260,000	3,259	3,259
Central 1 Credit Union 0.282% 02-10-2022	5,620,000	5,618	5,618
City of Montreal 0.312% 02-17-2022	2,210,000	2,209	2,209
City of Vancouver 0.328% 02-03-2022	5,730,000	5,727	5,728
Enbridge Pipeline Inc. 0.475% 01-10-2022	5,100,000	5,099	5,099
Enbridge Pipeline Inc. 0.542% 01-26-2022	4,950,000	4,948	4,948
Energir Inc. 0.26% 01-07-2022	3,960,000	3,958	3,960
Energir Inc. 0.32% 02-18-2022	2,660,000	2,659	2,659
FortisBC Energy Inc. 0.279% 03-24-2022	3,330,000	3,328	3,328
FortisBC Energy Inc. 0.282% 02-24-2022	2,220,000	2,219	2,219
FortisBC Inc. 0.248% 02-09-2022	2,130,000	2,129	2,129
Intact Financial Corp. 0.265% 01-18-2022	2,200,000	2,199	2,200
Intact Financial Corp. 0.271% 01-11-2022	1,890,000	1,890	1,890
Intact Financial Corp. 0.291% 02-01-2022	4,505,000	4,503	4,504
Intact Financial Corp. 0.309% 03-08-2022	3,310,000	3,308	3,308
Lower Mattagami Energy LP 0.308% 03-16-2022	4,420,000	4,417	4,417
Manulife Bank of Canada 0.479% 06-01-2022	1,980,000	1,975	1,976
Manulife Bank of Canada 0.489% 06-13-2022	2,210,000	2,205	2,205
Nova Scotia Power 0.257% 01-26-2022	4,440,000	4,439	4,439
Nova Scotia Power Inc. 0.259% 01-06-2022	5,500,000	5,499	5,500
Nova Scotia Power Inc. 0.261% 01-13-22	1,570,000	1,570	1,570
Nova Scotia Power Inc. 0.264% 01-28-2022	3,330,000	3,329	3,329
Nova Scotia Power Inc. 0.265% 01-17-2022	1,110,000	1,110	1,110
Nova Scotia Power Inc. 0.265% 02-02-2022	3,660,000	3,659	3,659
Province of Alberta 0.203% 01-27-2022	35,000,000	34,988	34,995

Money Market Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Short Term Notes (continued)			
Province of New Foundland & 0.229% 03-24-2022	7,330,000	7,326	7,326
Province of Newfoundland & Labrador 0.239% 03-17-2022	11,300,000	11,294	11,294
Province of Newfoundland & Labrador 0.241% 03-31-2022	14,780,000	14,771	14,772
Province of Prince Edward Island 0.201% 03-08-2022	20,000,000	19,990	19,993
Province of Prince Edward Island 0.231% 03-22-2022	11,110,000	11,104	11,104
Province of Saskatchewan 0.248% 02-07-2022	5,470,000	5,467	5,469
Ridge Trust 0.254% 01-07-2022	1,300,000	1,300	1,300
Ridge Trust 0.262% 01-14-2022	193,000	193	193
Ridge Trust 0.262% 01-28-2022	1,007,000	1,007	1,007
Royal Bank of Canada 0.259% 01-31-2022	47,268,000	47,258	47,258
Safe Trust 0.259% 01-19-2022	14,045,000	14,039	14,043
Sound Trust 0.259% 01-19-2022	2,360,000	2,359	2,360
Stable Trust 0.259% 01-19-2022	2,870,000	2,869	2,870
Sure Trust 0.259% 01-19-2022	9,818,000	9,814	9,817
The Toronto-Dominion Bank 0.224% 01-31-2022	34,633,000	34,626	34,627
Toyota Credit Canada Inc. 0.31% 06-21-2022	11,740,000	11,714	11,723
Total Short Term Notes		399,003	399,101
Total Bonds		701,914	700,368
Total Investments		701,914	700,368

Money Market Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Money Market Fund (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less ⁽¹⁾	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 691,543	\$ 8,825	\$ —	\$ —	\$ 700,368
2020					
	1 year or less ⁽¹⁾	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 926,104	\$ —	\$ —	\$ —	\$ 926,104

⁽¹⁾ For presentation purposes, short-term notes are included in Bonds on the Statement of Financial Position.

Money Market Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Interest Rate Risk (continued)

As at December 31, 2021 and 2020, a 1% increase or 1% decrease in the prevailing interest rates, with all other variables held constant, would have no impact on the total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

D. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 700,368	\$ —	\$ 700,368
Total assets measured at fair value	\$ —	\$ 700,368	\$ —	\$ 700,368

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 926,104	\$ —	\$ 926,104
Total assets measured at fair value	\$ —	\$ 926,104	\$ —	\$ 926,104

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Money Market Fund

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	14,563,199	16,525,951	13,249,058	12,753,633	12,388,587	505,387	572,215	454,880	430,217	411,856
Individual	2,465,296	3,110,169	2,676,814	3,238,466	3,831,553	61,950	78,055	67,079	80,791	95,349
75/75 guarantee policy	1,582,168	2,394,789	1,955,089	1,919,777	1,851,757	16,085	24,315	19,821	19,376	18,643
75/100 guarantee policy	5,539,731	8,246,661	5,653,702	6,245,044	5,135,037	56,309	83,717	57,308	63,020	51,690
100/100 guarantee policy	378,342	409,001	342,514	286,312	368,910	3,845	4,152	3,472	2,891	3,716
PS1 75/75 guarantee policy	1,013,014	1,670,362	1,172,395	1,025,568	878,521	10,426	17,169	12,022	10,433	8,894
PS1 75/100 guarantee policy	4,808,014	5,927,544	3,725,314	4,292,592	3,150,494	49,352	60,766	38,104	43,585	31,846
PS1 100/100 guarantee policy	126,561	286,002	131,388	131,421	357,412	1,297	2,927	1,342	1,333	3,610
PS2 75/75 guarantee policy	170,143	257,975	205,992	225,481	131,293	1,893	2,848	2,247	2,416	1,386
PS2 75/100 guarantee policy	263,192	429,595	496,255	351,058	584,617	2,930	4,744	5,413	3,761	6,170
PS2 100/100 guarantee policy	54,121	—	—	4,627	11,902	603	—	—	50	126
PS 75/75 guarantee policy	59,936	67,764	25,150	17,176	—	610	688	254	172	—
PS 75/100 guarantee policy	14,522	29,711	36,171	17,961	—	148	302	365	180	—
PPS 75/75 guarantee policy	6,659	20,388	38,144	—	—	68	208	387	—	—
PPS 75/100 guarantee policy	39,717	151,650	84,331	1,936	—	406	1,547	855	19	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	34.70	34.63	34.33	33.73	33.24	0.07	0.30
Individual	25.13	25.10	25.06	24.95	24.89	0.03	0.04
75/75 guarantee policy	10.17	10.15	10.14	10.09	10.07	0.02	0.01
75/100 guarantee policy	10.16	10.15	10.14	10.09	10.07	0.01	0.01
100/100 guarantee policy	10.16	10.15	10.14	10.10	10.07	0.01	0.01
PS1 75/75 guarantee policy	10.29	10.28	10.25	10.17	10.12	0.01	0.03
PS1 75/100 guarantee policy	10.26	10.25	10.23	10.15	10.11	0.01	0.02
PS1 100/100 guarantee policy	10.25	10.23	10.21	10.14	10.10	0.02	0.02
PS2 75/75 guarantee policy	11.12	11.04	10.91	10.71	10.55	0.08	0.13
PS2 75/100 guarantee policy	11.13	11.04	10.91	10.71	10.55	0.09	0.13
PS2 100/100 guarantee policy	11.13	—	—	10.71	10.55	0.09	—
PS 75/75 guarantee policy	10.18	10.15	10.10	10.03	—	0.03	0.05
PS 75/100 guarantee policy	10.18	10.15	10.10	10.03	—	0.03	0.05
PPS 75/75 guarantee policy	10.24	10.21	10.15	—	—	0.03	0.06
PPS 75/100 guarantee policy	10.23	10.20	10.14	10.04	—	0.03	0.06

Money Market Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash and Overdrafts

Cash and overdrafts are comprised of cash on deposit and overdrafts in the bank. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Money Market Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Money Market Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Money Market Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Money Market Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Money Market Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Money Market Fund

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	0.13	0.71	1.36	1.24	0.72
75/75 guarantee policy	0.13	0.71	1.36	1.25	0.72
75/100 guarantee policy	0.13	0.69	1.36	1.25	0.72
100/100 guarantee policy	0.13	0.71	1.40	1.25	0.72
PS1 75/75 guarantee policy	0.13	0.62	1.01	1.01	0.72
PS1 75/100 guarantee policy	0.13	0.63	1.07	1.05	0.73
PS1 100/100 guarantee policy	0.13	0.65	1.12	1.09	0.75
PS 75/75 guarantee policy	—	0.32	1.07	1.07	—
PS 75/100 guarantee policy	—	0.42	1.08	1.07	—
PPS 75/75 guarantee policy	—	0.51	0.73	—	—
PPS 75/100 guarantee policy	—	0.20	0.78	0.78	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	1.35	1.35	1.36	1.35	1.36
75/75 guarantee policy	1.35	1.35	1.36	1.35	1.36
75/100 guarantee policy	1.35	1.35	1.36	1.35	1.36
100/100 guarantee policy	1.40	1.40	1.40	1.40	1.41
PS1 75/75 guarantee policy	1.01	1.01	1.01	1.01	1.01
PS1 75/100 guarantee policy	1.06	1.06	1.07	1.07	1.07
PS1 100/100 guarantee policy	1.12	1.12	1.12	1.14	1.12
PS 75/75 guarantee policy	1.07	1.07	1.07	1.07	—
PS 75/100 guarantee policy	1.07	1.07	1.08	1.07	—
PPS 75/75 guarantee policy	0.73	0.73	0.73	—	—
PPS 75/100 guarantee policy	0.79	0.78	0.78	0.78	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The waiving of direct expenses to the segregated funds is done on a discretionary basis to maintain management expense ratios at competitive levels. There is no obligation on the Company to waive expenses and it may cease to do so at any time.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

LONG TERM BOND FUND

December 31, 2021

Independent Auditor's Report

To the Contractholders of Long Term Bond Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Long Term Bond Fund

(in Canadian \$ thousands)

Fund Manager: The Canada Life Assurance Company

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,693	\$ 2,420
Investment income due and accrued	5,728	4,972
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	1,268,811	1,154,720
Stocks	—	—
Investment fund units	—	—
Total investments	1,268,811	1,154,720
Total assets	\$ 1,276,232	\$ 1,162,112
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	1,772	534
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	1,772	534
Net assets attributable to contractholders	\$ 1,274,460	\$ 1,161,578

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (44,098)	\$ 128,395
Miscellaneous income (loss)	334	269
Total income	(43,764)	128,664
Expenses		
Management fees (note 7)	398	584
Transaction costs	—	—
Withholding taxes	—	—
Other	43	65
Total expenses	441	649
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (44,205)	\$ 128,015

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 1,161,578	\$ 1,104,331
Contractholder deposits	284,015	116,677
Contractholder withdrawals	(126,928)	(187,445)
Increase (decrease) in net assets from operations attributable to contractholders	(44,205)	128,015
Change in net assets attributable to contractholders	112,882	57,247
Net assets attributable to contractholders - end of year	\$ 1,274,460	\$ 1,161,578

Long Term Bond Fund

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (44,205)	\$ 128,015
Adjustments		
Add back amortization of premium (discount)	(903)	(1,157)
Realized (gains) losses	6,401	(42,242)
Unrealized (gains) losses	76,247	(50,749)
Gross proceeds of disposition of investments	531,389	411,410
Gross payments for the purchase of investments	(727,225)	(377,193)
Change in investment income due and accrued	(756)	(431)
Change in due from/to The Canada Life Assurance Company	1,238	1,208
	(157,814)	68,861
Financing Activities		
Contractholder deposits	284,015	116,677
Contractholder withdrawals	(126,928)	(187,445)
	157,087	(70,768)
Net increase (decrease) in cash, short-term deposits and overdrafts	(727)	(1,907)
Cash, short-term deposits and overdrafts, beginning of year	2,420	4,327
Cash, short-term deposits and overdrafts, end of year	\$ 1,693	\$ 2,420
Supplementary cash flow information		
Interest income received	\$ 36,878	\$ 33,784

Long Term Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.60% 12-15-2031	6,375,000	6,356	6,209
Government of Canada 1.50% 12-01-2031	2,050,000	2,049	2,054
Government of Canada 1.75% 12-01-2053	24,390,000	22,952	24,623
Government of Canada 2.00% 12-01-2051	33,200,000	35,251	35,729
Government of Canada 2.75% 12-01-2048	18,890,000	23,070	23,305
Government of Canada 2.75% 12-01-2064	6,625,000	8,680	8,593
Government of Canada 3.50% 12-01-2045	8,990,000	12,244	12,236
Government of Canada 4.00% 06-01-2041	11,290,000	16,278	15,674
Government of Canada 5.00% 06-01-2037	12,335,000	18,153	18,012
Government of Canada 5.75% 06-01-2033	8,450,000	12,266	12,131
Labrador Island Link Funding Trust 3.85% 12-01-2053	6,152,000	7,072	8,228
Total Federal Government		164,371	166,794
Provincial Governments			
Hydro-Quebec 4.00% 02-15-2055	5,885,000	8,156	7,954
Province of Alberta 1.65% 06-01-2031	5,650,000	5,370	5,444
Province of Alberta 3.05% 12-01-2048	10,120,000	10,304	11,078
Province of Alberta 3.10% 06-01-2050	5,440,000	6,062	6,043
Province of Alberta 3.30% 12-01-2046	9,667,000	10,432	10,973
Province of Alberta 3.45% 12-01-2043	5,839,000	6,289	6,715
Province of British Columbia 2.75% 06-18-2052	11,815,000	12,084	12,707
Province of British Columbia 2.80% 06-18-2048	7,136,000	7,122	7,658
Province of British Columbia 2.95% 06-18-2050	10,435,000	11,486	11,583
Province of British Columbia 4.30% 06-18-2042	10,890,000	13,233	14,202
Province of British Columbia 4.70% 06-18-2037	10,234,000	12,894	13,392
Province of British Columbia 5.40% 06-18-2035	2,750,000	3,712	3,757
Province of British Columbia Generic Coupon Strip 0.00% 06-18-2040	5,622,526	2,743	3,611
Province of Manitoba 2.05% 06-02-2031	4,285,000	4,273	4,286
Province of Manitoba 2.05% 09-05-2052	10,140,000	9,772	9,127
Province of Manitoba 3.20% 03-05-2050	8,947,000	10,582	10,143
Province of Manitoba 3.40% 09-05-2048	6,425,000	7,094	7,486
Province of Manitoba 4.65% 03-05-2040	10,030,000	13,681	13,143
Province of New Brunswick 3.05% 08-14-2050	7,700,000	9,174	8,473
Province of Newfoundland and Labrador 2.05% 06-02-2031	2,745,000	2,734	2,708
Province of Newfoundland and Labrador 2.65% 10-17-2050	9,240,000	9,124	8,899
Province of Nova Scotia 2.40% 12-01-2031	4,600,000	4,582	4,718

Long Term Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Nova Scotia 3.15% 12-01-2051	7,876,000	8,460	8,933
Province of Nova Scotia 4.40% 06-01-2042	12,725,000	17,543	16,536
Province of Ontario 1.90% 12-02-2051	26,360,000	23,233	23,316
Province of Ontario 2.25% 12-02-2031	4,237,000	4,247	4,301
Province of Ontario 2.55% 12-02-2052	8,335,000	8,244	8,523
Province of Ontario 2.65% 12-02-2050	17,515,000	18,727	18,208
Province of Ontario 2.80% 06-02-2048	32,795,000	32,527	34,879
Province of Ontario 2.90% 06-02-2049	32,455,000	32,870	35,209
Province of Ontario 2.90% 12-02-2046	10,500,000	10,940	11,327
Province of Ontario 3.45% 06-02-2045	30,973,000	33,211	36,349
Province of Ontario 3.50% 06-02-2043	23,630,000	25,876	27,702
Province of Ontario 4.65% 06-02-2041	11,565,000	14,696	15,485
Province of Ontario 4.70% 06-02-2037	20,238,000	25,444	26,300
Province of Ontario 5.60% 06-02-2035	9,485,000	13,320	13,077
Province of Ontario 5.85% 03-08-2033	4,540,000	6,098	6,175
Province of Ontario Generic Coupon Strip 0.00% 06-02-2043	5,774,678	2,565	3,368
Province of Prince Edward Island 1.85% 07-27-2031	2,740,000	2,735	2,678
Province of Prince Edward Island 2.65% 12-01-2051	3,000,000	3,180	3,027
Province of Quebec 2.85% 12-01-2053	21,810,000	22,645	23,949
Province of Quebec 3.10% 12-01-2051	19,800,000	22,379	22,695
Province of Quebec 3.50% 12-01-2045	22,815,000	25,501	27,200
Province of Quebec 3.50% 12-01-2048	23,450,000	26,307	28,348
Province of Quebec 4.25% 12-01-2043	21,155,000	25,284	27,705
Province of Quebec 5.00% 12-01-2041	11,973,000	15,989	16,858
Province of Quebec 5.75% 12-01-2036	14,205,000	21,498	20,336
Province of Quebec 6.25% 06-01-2032	14,857,000	20,607	20,582
Province of Quebec Generic Residual Strip 0.00% 12-01-2043	12,080,000	5,186	7,087
Province of Saskatchewan 2.15% 06-02-2031	5,505,000	5,498	5,555
Province of Saskatchewan 3.10% 06-02-2050	5,735,000	6,065	6,388
Province of Saskatchewan 3.30% 06-02-2048	7,594,000	8,216	8,696
Province of Saskatchewan 3.75% 03-05-2054	3,475,000	4,112	4,402
Total Provincial Governments		674,106	699,294
Municipal Governments			
City of Montreal 2.00% 09-01-2031	4,430,000	4,413	4,360
City of Ottawa 2.50% 05-11-2051	3,670,000	3,334	3,586

Long Term Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Municipal Governments (continued)			
City of Toronto 2.15% 08-25-2040	5,250,000	4,899	4,888
City of Toronto 2.90% 04-29-2051	1,845,000	1,837	1,944
Total Municipal Governments		14,483	14,778
Corporate - Non-convertible			
407 International Inc. 2.84% 03-07-2050	3,592,000	3,581	3,459
407 International Inc. 3.43% 06-01-2033	2,765,000	2,963	2,971
407 International Inc. 3.83% 05-11-2046	4,046,000	4,300	4,585
Aéroports de Montreal 3.03% 04-21-2050	1,619,000	1,703	1,626
Aéroports de Montreal 3.919% 09-26-2042	2,485,000	2,735	2,836
Aéroports de Montreal 5.472% 04-16-2040	5,595,000	7,220	7,542
AltaLink LP 3.717% 12-03-2046	6,862,000	6,999	7,799
AltaLink LP 4.054% 11-21-2044	4,700,000	5,345	5,551
ARC Resources Ltd. 3.465% 03-10-2031	4,730,000	4,718	4,851
Bell Canada Inc. 3.00% 03-17-2031	3,050,000	3,035	3,103
Bell Canada Inc. 3.50% 09-30-2050	3,425,000	3,290	3,297
Bell Canada Inc. 4.05% 03-17-2051	4,120,000	4,107	4,362
Bell Canada Inc. 4.35% 12-18-2045	4,000,000	4,318	4,406
Bell Canada Inc. 4.75% 09-29-2044	3,196,000	3,322	3,700
Bell Canada Inc. 6.10% 03-16-2035	1,955,000	2,614	2,517
British Columbia Ferry Services Inc. 2.794% 10-15-2049	2,127,000	2,160	2,092
British Columbia Ferry Services Inc. 4.289% 04-28-2044	2,207,000	2,563	2,711
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	6,370,000	6,349	6,237
Bruce Power LP 4.00% 06-21-2030	3,965,000	4,374	4,352
Bruce Power LP 4.132% 06-21-2033	3,575,000	4,238	3,961
Calgary Airport Authority 3.341% 10-07-2038	6,485,000	6,605	6,738
Calgary Airport Authority 3.554% 10-07-2053	1,875,000	1,875	2,055
Canadian National Railway Co. 3.60% 02-08-2049	2,049,000	2,042	2,221
Canadian National Railway Co. 3.95% 09-22-2045	5,725,000	6,045	6,507
Carleton University 3.264% 07-05-2061	3,505,000	3,505	3,676
CU Inc. 2.963% 09-07-2049	4,525,000	4,826	4,472
CU Inc. 3.548% 11-22-2047	8,272,000	8,314	9,027
CU Inc. 4.543% 10-24-2041	7,150,000	7,988	8,787
Enbridge Gas Inc. 2.35% 09-15-2031	6,990,000	6,988	6,898
Enbridge Gas Inc. 3.20% 09-15-2051	4,145,000	4,140	4,245
Enbridge Inc. 4.57% 03-11-2044	3,807,000	3,873	4,159

Long Term Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Enbridge Pipelines Inc. 2.82% 05-12-2031	4,570,000	4,567	4,579
Enbridge Pipelines Inc. 4.33% 02-22-2049	5,501,000	6,230	5,943
Enbridge Pipelines Inc. 5.33% 04-06-2040	6,204,000	7,316	7,428
EPCOR Utilities Inc. 3.287% 06-28-2051	1,360,000	1,360	1,428
Fair Hydro Trust 3.357% 05-15-2033	1,517,000	1,763	1,638
Fair Hydro Trust 3.52% 05-15-2038	7,560,000	9,207	8,314
FortisAlberta Inc. 6.22% 10-31-2034	1,290,000	1,751	1,764
FortisBC Energy Inc. 3.67% 04-09-2046	2,421,000	2,477	2,722
Greater Toronto Airports Authority 2.75% 10-17-2039	1,705,000	1,757	1,680
Greater Toronto Airports Authority 3.15% 10-05-2051	2,200,000	2,196	2,278
Greater Toronto Airports Authority 5.30% 02-25-2041	6,500,000	8,160	8,754
Greater Toronto Airports Authority 6.47% 02-02-2034	2,175,000	2,983	2,997
Health Montreal Collective LP 6.721% 09-30-2049	8,682,510	11,858	12,004
Hydro One Inc. 3.10% 09-15-2051	1,375,000	1,335	1,401
Hydro One Inc. 3.64% 04-05-2050	4,575,000	4,833	5,122
Hydro One Inc. 3.72% 11-18-2047	4,790,000	5,122	5,406
Hydro One Inc. 3.91% 02-24-2046	6,483,000	7,134	7,492
Hydro One Inc. 4.39% 09-26-2041	4,613,000	5,110	5,578
Hydro One Inc. 6.35% 01-31-2034	2,645,000	3,836	3,628
Hydro-Quebec 2.10% 02-15-2060	9,500,000	7,956	8,622
Loblaw Companies Ltd. 5.90% 01-18-2036	7,000,000	8,204	8,936
Metro Inc. 4.27% 12-04-2047	3,435,000	3,685	3,863
Metro Inc. 5.03% 12-01-2044	1,820,000	2,164	2,246
Metro Inc. 5.97% 10-15-2035	4,400,000	5,846	5,673
Montreal Port Authority 3.24% 03-22-2051	2,220,000	2,221	2,352
Municipal Finance Authority of British Columbia 2.50% 09-27-2041	2,475,000	2,472	2,465
NAV CANADA 3.293% 03-30-2048	1,814,000	1,979	1,959
NAV CANADA 3.534% 02-23-2046	6,480,000	6,761	7,234
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	5,565,000	5,576	5,582
North West Redwater Partnership/NWR Financing Co. Ltd. 3.75% 06-01-2051	3,625,000	3,629	3,799
OMERS Finance Trust 2.60% 05-14-2029	2,866,000	2,863	2,985
PSP Capital Inc. 2.05% 01-15-2030	4,229,000	4,286	4,281
Ryerson University 3.542% 05-04-2061	6,580,000	6,587	7,100
South Coast British Columbia Transportation Authority 3.15% 11-16-2048	3,957,000	3,950	4,327
Sun Life Financial Inc. 2.06% 10-01-2035	5,946,000	5,939	5,685
Sun Life Financial Inc. 5.40% 05-29-2042	4,000,000	4,567	5,104
Suncor Energy Inc. 3.95% 03-04-2051	920,000	907	929

Long Term Bond Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Suncor Energy Inc. 5.39% 03-26-2037	8,670,000	9,810	10,496
TELUS Corp. 3.95% 02-16-2050	3,505,000	3,711	3,582
TELUS Corp. 4.10% 04-05-2051	2,550,000	2,539	2,675
TELUS Corp. 4.40% 04-01-2043	4,700,000	4,611	5,099
TELUS Corp. 4.85% 04-05-2044	3,035,000	3,461	3,499
Toronto Hydro Corp. 3.27% 10-18-2051	2,760,000	2,758	2,949
TransCanada PipeLines Ltd. 2.97% 06-09-2031	2,710,000	2,709	2,733
TransCanada PipeLines Ltd. 4.34% 10-15-2049	3,190,000	3,649	3,422
TransCanada PipeLines Ltd. 4.35% 06-06-2046	5,174,000	5,832	5,531
TransCanada PipeLines Ltd. 4.55% 11-15-2041	4,165,000	4,373	4,564
TransCanada PipeLines Ltd. 8.05% 02-17-2039	3,285,000	5,170	4,995
Union Gas Ltd. 3.59% 11-22-2047	2,945,000	3,019	3,218
University of Ottawa 2.635% 02-13-2060	2,328,000	2,328	2,108
Vancouver Airport Authority 2.80% 09-21-2050	2,315,000	2,315	2,252
Vancouver Airport Authority 2.874% 10-18-2049	3,361,000	3,361	3,323
Vancouver Airport Authority 3.857% 11-10-2045	6,449,000	6,925	7,452
Total Corporate - Non-convertible		371,293	381,939
Total Canadian Bonds		1,224,253	1,262,805
United States Bonds			
Corporate - Non-convertible			
Manulife Finance (Delaware) LP 5.059% 12-15-2041	4,916,000	5,073	6,006
Total Corporate - Non-convertible		5,073	6,006
Total United States Bonds		5,073	6,006
Total Bonds		1,229,326	1,268,811
Total Investments		1,229,326	1,268,811

Long Term Bond Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Long Term Bond Fund (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021										
	1 year or less		Over 1 year to 5 years		Over 5 years to 10 years		Over 10 years		Total	
Bonds	\$	—	\$	—	\$	81,678	\$	1,187,133	\$	1,268,811
2020										
	1 year or less		Over 1 year to 5 years		Over 5 years to 10 years		Over 10 years		Total	
Bonds	\$	—	\$	—	\$	50,931	\$	1,103,789	\$	1,154,720

Long Term Bond Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$203,055 (\$185,893 at December 31, 2020) or approximately 15.9% (16.0% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

D. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	1.9	1.8	2.2	2.2
AA	40.4	40.2	42.3	42.1
A	45.1	44.9	43.1	42.9
BBB	12.6	12.6	12.1	12.1
BB and lower	—	—	0.3	0.3
Total	100.0	99.5	100.0	99.6

Long Term Bond Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 1,268,811	\$ —	\$ 1,268,811
Total assets measured at fair value	\$ —	\$ 1,268,811	\$ —	\$ 1,268,811

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 1,154,720	\$ —	\$ 1,154,720
Total assets measured at fair value	\$ —	\$ 1,154,720	\$ —	\$ 1,154,720

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Long Term Bond Fund

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	4,431,669	4,495,196	4,655,359	2,729,360	2,335,606	147,602	156,762	145,177	75,544	64,627
75/75 guarantee policy	95,404	167,345	174,539	66,153	57,521	1,245	2,336	2,226	765	680
75/100 guarantee policy	257,592	376,588	334,321	185,994	184,671	3,312	5,190	4,218	2,132	2,166
100/100 guarantee policy	38,666	53,770	60,364	37,336	32,226	490	732	754	424	375
PS1 75/75 guarantee policy	20,328	72,852	77,103	16,754	14,803	278	1,061	1,020	200	179
PS1 75/100 guarantee policy	132,468	272,061	166,142	73,733	69,065	1,788	3,913	2,175	872	831
PS1 100/100 guarantee policy	32,393	34,382	32,544	25,901	11,371	431	488	421	303	136
PS2 75/75 guarantee policy	8,724	18,055	38,116	21,259	18	137	296	558	276	—
PS2 75/100 guarantee policy	2,851	2,902	416	—	2,397	45	48	6	—	31
PS2 100/100 guarantee policy	4,448	4,539	—	—	—	70	75	—	—	—
PS 75/75 guarantee policy	1,595	21,030	20,050	—	—	18	253	219	—	—
PS 75/100 guarantee policy	1,274	1,261	1,213	—	—	14	15	13	—	—
PPS 75/75 guarantee policy	4,563	10,557	4,837	—	—	53	129	53	—	—
PPS 75/100 guarantee policy	5,428	15,427	10,484	3,355	—	62	187	115	33	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	33.31	34.87	31.18	27.68	27.67	(1.56)	3.69
75/75 guarantee policy	13.04	13.96	12.75	11.57	11.82	(0.92)	1.21
75/100 guarantee policy	12.86	13.78	12.62	11.46	11.73	(0.92)	1.16
100/100 guarantee policy	12.68	13.61	12.48	11.36	11.65	(0.93)	1.13
PS1 75/75 guarantee policy	13.69	14.57	13.24	11.94	12.13	(0.88)	1.33
PS1 75/100 guarantee policy	13.50	14.38	13.09	11.82	12.03	(0.88)	1.29
PS1 100/100 guarantee policy	13.31	14.20	12.95	11.72	11.94	(0.89)	1.25
PS2 75/75 guarantee policy	15.66	16.39	14.65	13.00	13.02	(0.73)	1.74
PS2 75/100 guarantee policy	15.72	16.45	14.71	—	13.04	(0.73)	1.74
PS2 100/100 guarantee policy	15.72	16.46	—	—	—	(0.74)	1.75
PS 75/75 guarantee policy	11.30	12.02	10.92	—	—	(0.72)	1.10
PS 75/100 guarantee policy	11.23	11.97	10.90	—	—	(0.74)	1.07
PPS 75/75 guarantee policy	11.53	12.19	11.02	—	—	(0.66)	1.17
PPS 75/100 guarantee policy	11.46	12.14	10.99	9.87	—	(0.68)	1.15

Long Term Bond Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Long Term Bond Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Long Term Bond Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Long Term Bond Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Long Term Bond Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Long Term Bond Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Long Term Bond Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by the Company. All investment transactions with the corresponding underlying funds are at quoted market prices.

Long Term Bond Fund

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.22	2.20	2.21	2.21	2.22
75/100 guarantee policy	2.38	2.37	2.38	2.38	2.39
100/100 guarantee policy	2.55	2.54	2.54	2.55	2.56
PS1 75/75 guarantee policy	1.66	1.63	1.63	1.63	1.64
PS1 75/100 guarantee policy	1.81	1.79	1.80	1.81	1.80
PS1 100/100 guarantee policy	1.97	1.97	1.97	1.97	1.98
PS 75/75 guarantee policy	1.68	1.64	1.64	—	—
PS 75/100 guarantee policy	1.81	1.80	1.81	—	—
PPS 75/75 guarantee policy	1.07	1.06	1.07	—	—
PPS 75/100 guarantee policy	1.24	1.23	1.24	1.24	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	44.26	33.32	19.58	15.34	26.42

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL EQUITY FUND (S034) 4.03SAM

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Equity Fund (S034) 4.03SAM (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Equity Fund (S034) 4.03SAM

(in Canadian \$ thousands)

Fund Manager: Setanta Asset Management Limited

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 7,805	\$ 12,099
Investment income due and accrued	461	533
Due from The Canada Life Assurance Company (note 7)	263	122
Due from brokers	—	—
Due from outside parties	95	95
Investments		
Bonds	—	—
Stocks	562,433	646,758
Investment fund units	—	—
Total investments	562,433	646,758
Total assets	\$ 571,057	\$ 659,607
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 571,057	\$ 659,607

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 116,905	\$ 26,660
Miscellaneous income (loss)	(186)	(58)
Total income	116,719	26,602
Expenses		
Management fees (note 7)	1,262	1,151
Transaction costs	138	299
Withholding taxes	1,379	2,269
Other	128	118
Total expenses	2,907	3,837
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 113,812	\$ 22,765

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 659,607	\$ 807,499
Contractholder deposits	16,123	30,300
Contractholder withdrawals	(218,485)	(200,957)
Increase (decrease) in net assets from operations attributable to contractholders	113,812	22,765
Change in net assets attributable to contractholders	(88,550)	(147,892)
Net assets attributable to contractholders - end of year	\$ 571,057	\$ 659,607

Global Equity Fund (S034) 4.03SAM

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 113,812	\$ 22,765
Adjustments		
Realized (gains) losses	(47,327)	(27,505)
Unrealized (gains) losses	(58,188)	19,733
Gross proceeds of disposition of investments	264,096	316,489
Gross payments for the purchase of investments	(74,256)	(175,074)
Change in investment income due and accrued	72	148
Change in due from/to The Canada Life Assurance Company	(141)	(13)
	<u>198,068</u>	<u>156,543</u>
Financing Activities		
Contractholder deposits	16,123	30,300
Contractholder withdrawals	(218,485)	(200,957)
	<u>(202,362)</u>	<u>(170,657)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(4,294)	(14,114)
Cash, short-term deposits and overdrafts, beginning of year	12,099	26,213
Cash, short-term deposits and overdrafts, end of year	\$ 7,805	\$ 12,099
Supplementary cash flow information		
Dividend income received	\$ 11,462	\$ 19,035

Global Equity Fund (S034) 4.03SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Materials			
Sandstorm Gold Ltd. [USD]	433,503	2,782	3,401
Total Canadian Common Stock		2,782	3,401
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	5,174	10,761	18,963
Charter Communications Inc.	6,126	4,210	5,052
Consumer Discretionary			
Booking Holdings Inc.	3,821	9,526	11,597
Lowe's Companies Inc.	22,726	2,761	7,431
McDonald's Corp.	46,103	10,889	15,634
Nike Inc. Class B	64,597	6,086	13,620
Consumer Staples			
Costco Wholesale Corp.	21,194	10,020	15,221
PepsiCo Inc.	22,344	3,178	4,910
Sysco Corp.	8,152	571	810
Energy			
Exxon Mobil Corp.	65,550	6,319	5,074
HollyFrontier Corp.	81,173	4,174	3,366
Financials			
Berkshire Hathaway Inc. Class B	45,478	10,396	17,203
Federated Hermes Inc.	124,701	4,818	5,928
Markel Corp.	3,967	4,819	6,193
S&P Global Inc.	10,377	4,250	6,195
SEI Investments Co.	132,095	10,129	10,183
Health Care			
Johnson & Johnson Inc.	56,488	8,901	12,224
Pfizer Inc.	19,797	891	1,479
Quest Diagnostics Inc.	10,976	1,206	2,402
Thermo Fisher Scientific Inc.	7,492	2,271	6,324
UnitedHealth Group Inc.	14,353	3,465	9,117

Global Equity Fund (S034) 4.03SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Industrials			
O-I Glass Inc.	374,495	8,899	5,699
Oshkosh Corp.	70,138	5,936	10,000
Information Technology			
DXC Technology Co.	221,517	10,865	9,020
Electronic Arts Inc.	40,376	6,733	6,737
Hewlett-Packard Enterprise Co.	172,593	2,830	3,443
Keysight Technologies Inc.	48,146	3,989	12,578
Microsoft Corp.	63,555	7,684	27,041
NCR Corp.	77,366	2,956	3,934
Oracle Corp.	140,718	8,802	15,524
Utilities			
Exelon Corp.	126,761	6,679	9,262
Total United States Common Stock		185,014	282,164
Global Common Stock			
Belgium			
Groupe Bruxelles Lambert SA *	59,752	7,413	8,440
Bermuda			
Lancashire Holdings Ltd.	776,877	8,774	7,048
Liberty Latin America Ltd. Class A	22,700	675	335
Liberty Latin America Ltd. Class C	11,747	363	169
Cayman Islands			
Tencent Holdings Ltd.	33,600	2,466	2,490
Denmark			
Tryg AS	194,292	5,995	6,070
France			
Air Liquide SA	20,802	3,834	4,590
Pernod Ricard SA *	16,846	3,275	5,127
Sanofi SA	39,281	4,334	5,007

*The issuer of this security is a related company to the issuer of the Fund.

Global Equity Fund (S034) 4.03SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Germany			
BASF SE	62,453	5,561	5,552
Greece			
Hellenic Telecommunications Organization SA	104,221	1,716	2,438
Ireland			
Bank of Ireland Group PLC	665,864	2,806	4,778
C&C Group PLC	651,903	3,135	2,591
CRH PLC [EUR]	107,803	4,197	7,217
DCC PLC	121,223	11,790	12,554
Johnson Controls International PLC	154,313	7,858	15,872
Kerry Group PLC Class A	23,423	2,771	3,817
Medtronic Co. PLC	42,785	5,108	5,599
Mincon Group PLC	2,450,540	3,782	4,620
Origin Enterprises PLC	707,583	5,735	3,360
Steris PLC	27,219	4,097	8,381
Isle Of Man			
Playtech PLC	1,047,981	7,856	13,140
Israel			
Bank Leumi Le-Israel	587,490	4,236	8,000
Italy			
Eni SPA	175,640	3,782	3,069
Terna SPA	523,503	4,109	5,339
Japan			
Alfresca Holdings Corp.	238,100	6,752	4,013
Astellas Pharma Inc.	185,450	3,323	3,814
Luxembourg			
Tenaris SA	218,242	3,284	2,879
Netherlands			
Heineken Holdings NV	44,942	5,398	5,245

Global Equity Fund (S034) 4.03SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Portugal			
Redes Energeticas Nacionais SGPS SA	1,035,273	3,784	3,792
South Korea			
Samsung Electronics Co. Ltd.	185,895	13,328	15,419
SK Square Co. Ltd.	22,019	1,317	1,554
SK Telecom Co. Ltd.	34,060	2,034	2,095
Spain			
Viscofan SA	76,834	5,476	6,277
Sweden			
Telefonaktiebolaget LM Ericsson	677,389	6,761	9,402
Switzerland			
Alcon Inc.	66,971	5,330	7,456
Cie Financiere Richemont SA Warrant 11-25-2023	88,022	-	122
Compagnie Financiere Richemont SA	31,136	3,083	5,875
Nestle SA	27,557	3,941	4,868
Novartis AG	54,280	6,000	6,023
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	65,834	3,016	10,020

Global Equity Fund (S034) 4.03SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
United Kingdom			
Close Brothers Group PLC	135,363	3,193	3,253
J.D. Wetherspoon PLC	107,414	2,055	1,767
Liberty Global PLC Class A	147,361	5,653	5,171
Liberty Global PLC Class C	64,482	2,652	2,291
Melrose Industries PLC	2,660,024	7,866	7,281
National Grid PLC	407,848	5,913	7,399
Smiths Group PLC	144,433	2,971	3,905
Tesco PLC	789,392	4,002	3,917
Unilever PLC	69,713	4,840	4,721
Vodafone Group PLC	1,408,395	4,148	2,706
Total Global Common Stock		231,788	276,868
Total Stocks		419,584	562,433
Transaction Costs (see notes to financial statements (note 2))		(411)	
Total Investments		419,173	562,433

Global Equity Fund (S034) 4.03SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Global Equity Fund (S034) 4.03SAM (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Global Equity Fund (S034) 4.03SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 333,402	\$ 70	\$ 333,472	\$ 3,335
Euro	86,268	48	86,316	863
United Kingdom Pound Sterling	65,561	—	65,561	656
Other Currencies	77,202	—	77,202	772
Total	\$ 562,433	\$ 118	\$ 562,551	\$ 5,626
As Percent of Net Assets Attributable to Contractholders				98.5%
				1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 368,614	\$ 30	\$ 368,644	\$ 3,686
Euro	112,712	80	112,792	1,129
United Kingdom Pound Sterling	88,117	1	88,118	881
Other Currencies	77,315	—	77,315	773
Total	\$ 646,758	\$ 111	\$ 646,869	\$ 6,469
As Percent of Net Assets Attributable to Contractholders				98.1%
				1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$5,624 (\$6,468 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Global Equity Fund (S034) 4.03SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 466,280	\$ 96,153	\$ —	\$ 562,433
Total assets measured at fair value	\$ 466,280	\$ 96,153	\$ —	\$ 562,433

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 379,961	\$ 266,797	\$ —	\$ 646,758
Total assets measured at fair value	\$ 379,961	\$ 266,797	\$ —	\$ 646,758

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

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(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	13,311,809	15,337,772	17,168,587	8,498,798	8,068,381	523,306	494,138	535,379	232,869	222,677
75/75 guarantee policy	155,201	153,844	121,217	2,091	—	1,875	1,566	1,228	19	—
75/100 guarantee policy	293,542	293,711	309,734	18,073	—	3,526	2,978	3,132	165	—
100/100 guarantee policy	19,186	12,233	4,894	541	—	228	123	49	5	—
PS1 75/75 guarantee policy	69,341	75,496	45,041	—	—	850	777	459	—	—
PS1 75/100 guarantee policy	269,121	275,147	246,945	18,551	—	3,264	2,809	2,506	170	—
PS1 100/100 guarantee policy	3,528	2,542	2,542	—	—	42	26	26	—	—
PS2 75/75 guarantee policy	8,489	522	—	—	—	113	6	—	—	—
PS2 75/100 guarantee policy	24,780	15,025	23,964	660	—	329	163	252	6	—
PS 75/75 guarantee policy	2,765	5,244	5,488	—	—	35	55	56	—	—
PS 75/100 guarantee policy	18,185	14,564	12,844	—	—	227	152	132	—	—
PPS 75/75 guarantee policy	16,377	—	—	—	—	208	—	—	—	—
PPS 75/100 guarantee policy	1,408	6,952	3,629	—	—	18	73	37	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	39.31	32.22	31.18	27.40	27.60	7.09	1.04
75/75 guarantee policy	12.08	10.18	10.13	9.16	—	1.90	0.05
75/100 guarantee policy	12.01	10.14	10.11	9.16	—	1.87	0.03
100/100 guarantee policy	11.90	10.07	10.07	9.15	—	1.83	—
PS1 75/75 guarantee policy	12.26	10.29	10.19	—	—	1.97	0.10
PS1 75/100 guarantee policy	12.13	10.21	10.15	9.16	—	1.92	0.06
PS1 100/100 guarantee policy	11.97	10.11	10.10	—	—	1.86	0.01
PS2 75/75 guarantee policy	13.28	10.88	—	—	—	2.40	0.36
PS2 75/100 guarantee policy	13.28	10.88	10.53	9.25	—	2.40	0.35
PS 75/75 guarantee policy	12.54	10.45	10.29	—	—	2.09	0.16
PS 75/100 guarantee policy	12.47	10.41	10.26	—	—	2.06	0.15
PPS 75/75 guarantee policy	12.73	—	—	—	—	2.17	—
PPS 75/100 guarantee policy	12.59	10.48	10.30	—	—	2.11	0.18

Global Equity Fund (S034) 4.03SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Global Equity Fund (S034) 4.03SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Equity Fund (S034) 4.03SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Equity Fund (S034) 4.03SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Global Equity Fund (S034) 4.03SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Global Equity Fund (S034) 4.03SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Equity Fund (S034) 4.03SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Global Equity Fund (S034) 4.03SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Global Equity Fund (S034) 4.03SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Setanta Asset Management Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Global Equity Fund (S034) 4.03SAM

Supplemental Information (*unaudited*)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Comparative information for the year 2017 is not presented in the tables as the Fund became available to individual insurance contractholders during 2018.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.83	2.83	2.89	2.86	—
75/100 guarantee policy	3.00	3.00	3.06	3.03	—
100/100 guarantee policy	3.26	3.27	3.33	3.31	—
PS1 75/75 guarantee policy	2.38	2.38	2.43	—	—
PS1 75/100 guarantee policy	2.71	2.72	2.77	2.74	—
PS1 100/100 guarantee policy	3.09	3.11	3.14	—	—
PS 75/75 guarantee policy	1.75	1.73	1.76	—	—
PS 75/100 guarantee policy	1.89	1.89	1.93	—	—
PPS 75/75 guarantee policy	1.26	—	—	—	—
PPS 75/100 guarantee policy	1.63	1.60	1.63	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	12.86	23.90	14.29	19.15	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

MORTGAGE FUND

December 31, 2021

Independent Auditor's Report

To the Contractholders of Mortgage Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Mortgage Fund

(in Canadian \$ thousands)

Fund Manager: The Canada Life Assurance Company

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 135,148	\$ 140,739
Investment income due and accrued	1,791	3,402
Due from The Canada Life Assurance Company (note 7)	473	1,367
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	78,446	157,733
Stocks	—	—
Mortgage loans	1,036,667	1,287,772
Total investments	1,115,113	1,445,505
Total assets	\$ 1,252,525	\$ 1,591,013
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 1,252,525	\$ 1,591,013

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,544	\$ 86,695
Miscellaneous income (loss)	162	259
Total income	1,706	86,954
Expenses		
Management fees (note 7)	3,024	3,502
Transaction costs	—	—
Withholding taxes	—	—
Other	361	418
Total expenses	3,385	3,920
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,679)	\$ 83,034

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 1,591,013	\$ 1,728,732
Contractholder deposits	81,595	66,048
Contractholder withdrawals	(418,404)	(286,801)
Increase (decrease) in net assets from operations attributable to contractholders	(1,679)	83,034
Change in net assets attributable to contractholders	(338,488)	(137,719)
Net assets attributable to contractholders - end of year	\$ 1,252,525	\$ 1,591,013

Mortgage Fund

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,679)	\$ 83,034
Adjustments		
Realized (gains) losses	(861)	3,074
Unrealized (gains) losses	29,885	(54,954)
Gross proceeds of disposition of investments	415,039	407,373
Gross payments for the purchase of investments	(113,671)	(205,946)
Change in investment income due and accrued	1,611	207
Change in due from/to The Canada Life Assurance Company	894	(1,593)
	<u>331,218</u>	<u>231,195</u>
Financing Activities		
Contractholder deposits	81,595	66,048
Contractholder withdrawals	(418,404)	(286,801)
	<u>(336,809)</u>	<u>(220,753)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(5,591)	10,442
Cash, short-term deposits and overdrafts, beginning of year	140,739	130,297
Cash, short-term deposits and overdrafts, end of year	\$ 135,148	\$ 140,739
Supplementary cash flow information		
Interest income received	\$ 35,672	\$ 39,103

Mortgage Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.55% 12-15-2026	8,000,000	7,984	8,000
Canada Housing Trust No. 1 2.10% 09-15-2029	20,000,000	20,930	20,544
Canada Housing Trust No. 1 2.90% 06-15-2024	10,000,000	10,520	10,401
Government of Canada 1.50% 06-01-2026	6,000,000	6,407	6,076
Government of Canada 2.25% 06-01-2025	20,000,000	20,137	20,748
Total Federal Government		65,978	65,769
Corporate - Non-convertible			
First Place Tower Brookfield Properties 3.559% 12-01-2023	8,021,252	8,021	8,315
Georgia & Seymour Properties Ltd. Partnership 3.40% 07-22-2025	4,309,767	4,310	4,362
Total Corporate - Non-convertible		12,331	12,677
Total Canadian Bonds		78,309	78,446
Total Bonds		78,309	78,446

Mortgage Fund

(in Canadian \$ thousands, except number of properties)

Schedule of Investment Portfolio

As at December 31, 2021

Mortgages

Description	Number of Properties	Fair Value
By Province		
Alberta	247	97,316
British Columbia	157	187,312
Manitoba	151	41,380
New Brunswick	113	15,906
Newfoundland	96	16,201
Nova Scotia	103	13,017
Ontario	1,136	433,205
PEI	13	1,854
Quebec	698	185,911
Saskatchewan	177	44,565
Total By Province	2,891	1,036,667
By Maturity Date		
2022	641	135,963
2023	548	132,272
2024	391	132,451
2025	638	184,949
2026	626	173,461
2027	13	69,694
2028	7	36,020
2029	4	17,373
2030	9	47,421
2031	6	35,555
2032	3	10,324
2033	1	27,135
2035	1	1,379
2036	1	4,248
2037	1	8,517
2038	1	19,905
Total By Maturity Date	2,891	1,036,667

Mortgage Fund

(in Canadian \$ thousands, except number of properties)

Schedule of Investment Portfolio

As at December 31, 2021

Mortgages (continued)

Description		Number of Properties	Fair Value
By Property Type			
Apartments		35	105,431
Single-Family		2,304	376,884
Multi-Family		146	23,358
Condominium		327	57,081
Retail/Shopping Centre		31	148,312
Other		5	17,159
Industrial		27	188,125
Office Building		16	120,317
Total By Property Type		2,891	1,036,667
By Interest Rate			
	From	To	
	1.25 %	1.49 %	8,117
	1.50 %	1.74 %	53,219
	1.75 %	1.99 %	69,380
	2.00 %	2.24 %	65,342
	2.25 %	2.49 %	70,866
	2.50 %	2.74 %	161,112
	2.75 %	2.99 %	127,367
	3.00 %	3.24 %	172,884
	3.25 %	3.49 %	113,918
	3.50 %	3.74 %	107,078
	3.75 %	3.99 %	39,857
	4.00 %	4.24 %	18,838
	4.25 %	4.49 %	2,577
	4.50 %	4.74 %	8,497
	4.75 %	4.99 %	9,114
	5.00 %	5.24 %	805
	5.25 %	5.49 %	2,584
	5.50 %	5.74 %	1,671
	6.00 %	6.24 %	1,703
	6.75 %	6.99 %	354
	7.00 %	7.24 %	1,239
	8.50 %	8.74 %	145
Total Mortgages By Interest Rate			1,036,667
Total Bonds			78,446
Total Investments			1,115,113

Mortgage Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Mortgage Fund (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds and mortgage loans. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The table below summarizes the Fund's exposure to interest rate risks by remaining term-to-maturity.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ —	\$ 57,902	\$ 20,544	\$ —	\$ 78,446
Mortgage loans	141,238	617,859	210,116	67,454	1,036,667
2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 193	\$ 129,290	\$ 28,250	\$ —	\$ 157,733
Mortgage loans	240,336	705,341	238,834	103,261	1,287,772

Mortgage Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$3,352 (\$5,669 at December 31, 2020) or approximately 0.3% (0.4% at December 31, 2020) for the Fund's bond portfolio and by \$33,666 (\$41,107 at December 31, 2020) or approximately 2.7% (2.6% at December 31, 2020) for the Fund's mortgage portfolio. The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 8)

D. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

The Fund is exposed to credit risk on its mortgage loans. The Fund monitors this credit risk on a regular basis, which was not significant during 2021 or 2020.

As at December 31, 2021, the Fund has insured mortgage loans of \$372,289 (\$563,475 at December 31, 2020) and uninsured mortgage loans of \$664,378 (\$724,297 at December 31, 2020).

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	49.6	3.1	50.7	5.0
AA	34.2	2.1	36.3	3.6
BBB	—	—	4.5	0.5
NR *	16.2	1.0	8.5	0.8
Total	100.0	6.2	100.0	9.9

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

Mortgage Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 78,446	\$ —	\$ 78,446
Mortgage loans	—	1,036,667	—	1,036,667
Total assets measured at fair value	\$ —	\$ 1,115,113	\$ —	\$ 1,115,113

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 157,733	\$ —	\$ 157,733
Mortgage loans	—	1,287,772	—	1,287,772
Total assets measured at fair value	\$ —	\$ 1,445,505	\$ —	\$ 1,445,505

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Mortgage Fund

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	163,933	171,954	181,369	184,287	209,107	73,786	77,244	77,422	75,950	84,021
Individual	187,576	237,566	266,099	325,340	409,897	41,968	54,360	59,290	71,711	90,273
75/75 guarantee policy	588,888	740,766	839,542	938,136	1,065,650	6,470	8,319	9,175	10,137	11,499
75/100 guarantee policy	2,788,992	3,532,871	4,055,291	4,482,881	5,518,742	30,436	39,429	44,071	48,195	59,281
100/100 guarantee policy	107,472	131,948	158,840	196,400	262,331	1,165	1,464	1,717	2,101	2,806
PS1 75/75 guarantee policy	244,172	284,612	375,763	410,464	476,975	2,594	3,078	3,939	4,238	4,898
PS1 75/100 guarantee policy	1,552,305	1,904,260	2,249,357	2,486,277	3,126,875	16,403	20,496	23,480	25,572	32,004
PS1 100/100 guarantee policy	32,142	42,681	63,734	70,945	68,011	336	455	660	724	692
PS2 75/75 guarantee policy	48,231	68,645	100,803	160,981	218,753	622	884	1,232	1,899	2,516
PS2 75/100 guarantee policy	231,865	304,339	353,449	423,085	544,172	2,991	3,917	4,321	4,992	6,258
PS2 100/100 guarantee policy	16,372	16,634	16,898	17,166	21,882	211	214	207	203	252
PS 75/75 guarantee policy	75	110	1,994	2,060	—	1	1	21	21	—
PS 75/100 guarantee policy	1,738	1,936	4,539	—	—	18	21	47	—	—
PPS 75/75 guarantee policy	1,229	1,242	—	—	—	13	13	—	—	—
PPS 75/100 guarantee policy	1,606	1,944	1,965	—	—	17	21	20	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	450.10	449.21	426.88	412.13	401.81	0.89	22.33
Individual	223.74	228.82	222.81	220.42	220.23	(5.08)	6.01
75/75 guarantee policy	10.99	11.23	10.93	10.81	10.79	(0.24)	0.30
75/100 guarantee policy	10.91	11.16	10.87	10.75	10.74	(0.25)	0.29
100/100 guarantee policy	10.84	11.09	10.81	10.70	10.70	(0.25)	0.28
PS1 75/75 guarantee policy	10.62	10.82	10.48	10.32	10.27	(0.20)	0.34
PS1 75/100 guarantee policy	10.57	10.76	10.44	10.29	10.24	(0.19)	0.32
PS1 100/100 guarantee policy	10.45	10.66	10.35	10.21	10.17	(0.21)	0.31
PS2 75/75 guarantee policy	12.90	12.87	12.23	11.80	11.50	0.03	0.64
PS2 75/100 guarantee policy	12.90	12.87	12.23	11.80	11.50	0.03	0.64
PS2 100/100 guarantee policy	12.90	12.87	12.23	11.80	11.50	0.03	0.64
PS 75/75 guarantee policy	10.62	10.74	10.33	10.10	—	(0.12)	0.41
PS 75/100 guarantee policy	10.60	10.72	10.32	—	—	(0.12)	0.40
PPS 75/75 guarantee policy	10.77	10.84	—	—	—	(0.07)	0.45
PPS 75/100 guarantee policy	10.75	10.82	10.38	—	—	(0.07)	0.44

Mortgage Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans. Mortgage loans are recorded at fair values using current valuation rates for mortgages with similar terms to maturity.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Mortgage Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Mortgage Loans

Mortgage loans are recorded at fair values using current valuation rates for mortgages with similar terms to maturity.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

m) Income Allocation

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

Mortgage Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

Transaction costs, such as brokerage commissions, legal fees and land transfer tax incurred in the purchase and sale of mortgages by the Fund are added to the cost of the asset in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Mortgage Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Mortgage Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by the Company. All investment transactions with the corresponding underlying funds are at quoted market prices.

Mortgage Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS (continued)

- d) As at December 31, 2021, the Fund purchased residential mortgage loans from the Company of \$76,083 (\$89,424 at December 31, 2020) and from The Canada Life Insurance Company of Canada, a wholly-owned subsidiary of the Company, of \$1,596 (\$2,336 at December 31, 2020). The Fund purchased residential mortgage loans from I.G. Investment Management, Ltd., which operates as IG Wealth Management, of \$11,442 (\$19,756 at December 31, 2020).

As at December 31, 2021, the Fund sold residential mortgages to the Company of \$430 (\$1,936 at December 31, 2020). All transactions were based on market terms and conditions.

8. COMPARATIVE FIGURES

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Mortgage Fund

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.48	2.48	2.48	2.49	2.49
75/75 guarantee policy	2.43	2.42	2.42	2.43	2.43
75/100 guarantee policy	2.48	2.48	2.48	2.49	2.49
100/100 guarantee policy	2.54	2.53	2.54	2.55	2.54
PS1 75/75 guarantee policy	2.02	2.02	2.02	2.03	2.03
PS1 75/100 guarantee policy	2.08	2.08	2.08	2.09	2.08
PS1 100/100 guarantee policy	2.19	2.19	2.19	2.20	2.22
PS 75/75 guarantee policy	1.30	1.31	1.30	1.30	—
PS 75/100 guarantee policy	1.36	1.36	1.35	—	—
PPS 75/75 guarantee policy	0.91	0.90	—	—	—
PPS 75/100 guarantee policy	0.95	0.95	0.95	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	9.03	13.32	17.13	3.23	6.02

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
EMERGING MARKETS FUND 9.67P

December 31, 2021

Independent Auditor's Report

To the Contractholders of Emerging Markets Fund 9.67P (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Emerging Markets Fund 9.67P

(in Canadian \$ thousands)

Fund Manager: Putnam Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 9,238	\$ 3,090
Investment income due and accrued	371	630
Due from The Canada Life Assurance Company (note 8)	1,007	—
Due from brokers	—	1,661
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	872,162	783,739
Investment fund units	—	—
Derivatives (note 7)	—	—
Total investments	872,162	783,739
Total assets	\$ 882,778	\$ 789,120
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	1,735
Due to brokers	—	767
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	2,502
Net assets attributable to contractholders	\$ 882,778	\$ 786,618

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (24,701)	\$ 140,997
Miscellaneous income (loss)	(1,054)	(2,939)
Total income	(25,755)	138,058
Expenses		
Management fees (note 8)	398	76
Transaction costs	3,645	1,985
Withholding taxes	1,036	1,390
Other	41	7
Total expenses	5,120	3,458
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (30,875)	\$ 134,600

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 786,618	\$ 375,772
Contractholder deposits	267,068	393,661
Contractholder withdrawals	(140,033)	(117,415)
Increase (decrease) in net assets from operations attributable to contractholders	(30,875)	134,600
Change in net assets attributable to contractholders	96,160	410,846
Net assets attributable to contractholders - end of year	\$ 882,778	\$ 786,618

Emerging Markets Fund 9.67P

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (30,875)	\$ 134,600
Adjustments		
Realized (gains) losses	(38,374)	(47,501)
Unrealized (gains) losses	74,032	(85,059)
Gross proceeds of disposition of investments	1,012,526	437,281
Gross payments for the purchase of investments	(1,136,607)	(720,238)
Change in investment income due and accrued	259	(5)
Change in due from/to The Canada Life Assurance Company	(2,742)	(174)
Change in due from/to brokers	894	(828)
	<u>(120,887)</u>	<u>(281,924)</u>
Financing Activities		
Contractholder deposits	267,068	393,661
Contractholder withdrawals	(140,033)	(117,415)
	<u>127,035</u>	<u>276,246</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	6,148	(5,678)
Cash, short-term deposits and overdrafts, beginning of year	3,090	8,768
Cash, short-term deposits and overdrafts, end of year	\$ 9,238	\$ 3,090
Supplementary cash flow information		
Dividend income received	\$ 10,574	\$ 8,118

Emerging Markets Fund 9.67P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Consumer Discretionary			
MercadoLibre Inc.	13,643	24,657	23,273
Yum China Holdings Inc.	118,700	9,219	7,369
Exchange Traded Funds			
iShares Core MSCI Emerging Markets ETF	213,000	16,408	16,129
Information Technology			
Turing Holding Corp.	159,900	5,201	5,423
Total United States Common Stock		55,485	52,194
Global Common Stock			
Brazil			
TOTVS SA	1,898,700	13,644	12,279
Cayman Islands			
Alibaba Group Holding Ltd.	1,217,212	41,137	23,482
JD.com Inc. ADR	173,300	16,877	15,361
Li Ning Co. Ltd.	1,398,500	13,049	19,367
Parade Technologies Ltd.	165,000	10,901	16,038
Sea Ltd. ADR	26,400	7,785	7,471
Silergy Corp.	58,000	13,453	13,394
Tencent Holdings Ltd.	834,354	66,414	61,839
China			
Centre Testing International Group Co. Ltd. Warrant 02-07-2022	2,092,786	11,331	11,190
Shenzhen Inovance Technology Co. Ltd. Warrant 09-15-2022	1,124,500	14,888	15,354
Shenzhen Mindray Bio-Medical Electronics Co. Ltd. Warrant 01-27-2023	129,246	9,135	9,795
WuXi AppTec Co. Ltd.	733,030	13,971	16,056
Cyprus			
TCS Group Holding PLC	140,929	12,145	15,032
Hong Kong			
AIA Group Ltd.	1,019,200	16,317	12,998
Hong Kong Exchanges and Clearing Ltd.	111,100	8,131	8,209
Techtronic Industries Co. Ltd.	763,500	12,666	19,226

Emerging Markets Fund 9.67P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
India			
HDFC Bank Ltd. ADR	249,661	20,669	20,551
ICICI Bank Ltd.	2,030,500	51,186	50,833
Infosys Ltd.	2,073,476	51,910	66,388
Reliance Industries Ltd.	377,233	26,960	30,517
Indonesia			
Bank Central Asia TBK PT	17,455,000	11,537	11,266
Luxembourg			
Globant SA	41,100	15,038	16,330
Mexico			
Walmart de Mexico SAB de CV	6,713,200	26,400	31,524
Netherlands			
Yandex NV	189,501	16,109	14,503
Panama			
Copa Holdings SA	102,658	9,276	10,735
Poland			
Dino Polska SA	102,998	8,181	11,863
Russia			
Sberbank of Russia ADR	538,786	10,688	10,939
South Korea			
AfreecaTV Co. Ltd.	36,369	7,936	7,818
Kakao Corp.	91,263	11,350	10,875
Naver Corp.	49,148	20,019	19,714
Pearl Abyss Corp.	83,586	11,439	12,279
Samsung Electronics Co. Ltd.	659,581	55,953	54,710
Switzerland			
Contemporary Amperex Technology Co. Ltd. Warrant 07-22-2022	117,400	12,269	13,702

Emerging Markets Fund 9.67P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Taiwan			
ASPEED Technology Inc.	105,000	10,733	17,155
MediaTek Inc.	390,000	12,332	21,202
Novatek Microelectronics Corp.	539,000	12,094	13,295
Sinbon Electronics Co. Ltd.	432,000	5,800	5,626
Taiwan Semiconductor Manufacturing Co. Ltd.	3,234,000	59,391	91,052
Total Global Common Stock		749,114	819,968
Total Stocks		804,599	872,162
Transaction Costs (see notes to financial statements (note 2))		(1,183)	
Total Investments		803,416	872,162

Emerging Markets Fund 9.67P

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Emerging Markets Fund 9.67P (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Emerging Markets Fund 9.67P

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 353,526	\$ 7,497	\$ 361,023	\$ 3,610
New Taiwan Dollar	177,762	—	177,762	1,778
Hong Kong Dollar	168,546	—	168,546	1,685
South Korean Won	105,396	—	105,396	1,054
Other Currencies	66,932	(1)	66,931	670
Total	\$ 872,162	\$ 7,496	\$ 879,658	\$ 8,797
As Percent of Net Assets Attributable to Contractholders				99.6%
				1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Hong Kong Dollar	\$ 241,773	\$ —	\$ 241,773	\$ 2,418
United States Dollar	237,045	3,075	240,120	2,401
South Korean Won	117,124	—	117,124	1,171
New Taiwan Dollar	104,892	—	104,892	1,049
Other Currencies	82,905	9	82,914	829
Total	\$ 783,739	\$ 3,084	\$ 786,823	\$ 7,868
As Percent of Net Assets Attributable to Contractholders				100.0%
				1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$8,722 (\$7,837 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Emerging Markets Fund 9.67P

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
<u>Assets measured at fair value</u>	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 517,256	\$ 354,906	\$ —	\$ 872,162
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 517,256	\$ 354,906	\$ —	\$ 872,162

2020				
<u>Assets measured at fair value</u>	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 158,269	\$ 625,470	\$ —	\$ 783,739
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 158,269	\$ 625,470	\$ —	\$ 783,739

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Emerging Markets Fund 9.67P

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	282,209	127,400	28,011	1	—	4,466	2,093	337	—	—
75/75 guarantee policy	119,188	70,577	51,547	7,750	—	1,567	995	550	73	—
75/100 guarantee policy	283,747	139,131	38,012	11,276	—	3,703	1,952	405	106	—
100/100 guarantee policy	11,591	4,147	1,405	—	—	150	58	15	—	—
PS1 75/75 guarantee policy	161,007	86,286	19,717	321	—	2,169	1,238	213	3	—
PS1 75/100 guarantee policy	272,001	99,075	9,507	1,968	—	3,610	1,406	102	19	—
PS1 100/100 guarantee policy	14,790	5,353	15,169	3,288	—	193	75	162	31	—
PS2 75/75 guarantee policy	7,084	1,222	3,006	64	—	104	19	34	1	—
PS2 75/100 guarantee policy	36,071	9,625	616	669	—	529	146	7	6	—
PS 75/75 guarantee policy	1,961	826	1,616	—	—	27	12	18	—	—
PS 75/100 guarantee policy	3,530	1,596	87	1,263	—	48	23	1	12	—
PPS 75/75 guarantee policy	7,060	7,105	—	—	—	99	105	—	—	—
PPS 75/100 guarantee policy	643	—	—	—	—	9	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	15.83	16.43	12.04	10.23	—	(0.60)	4.39
75/75 guarantee policy	13.15	14.10	10.67	9.39	—	(0.95)	3.43
75/100 guarantee policy	13.05	14.03	10.64	9.38	—	(0.98)	3.39
100/100 guarantee policy	12.91	13.92	10.60	—	—	(1.01)	3.32
PS1 75/75 guarantee policy	13.47	14.34	10.78	9.41	—	(0.87)	3.56
PS1 75/100 guarantee policy	13.27	14.20	10.72	9.40	—	(0.93)	3.48
PS1 100/100 guarantee policy	13.08	14.05	10.65	9.39	—	(0.97)	3.40
PS2 75/75 guarantee policy	14.66	15.22	11.15	9.49	—	(0.56)	4.07
PS2 75/100 guarantee policy	14.66	15.22	11.15	9.49	—	(0.56)	4.07
PS 75/75 guarantee policy	13.64	14.47	10.83	—	—	(0.83)	3.64
PS 75/100 guarantee policy	13.55	14.41	10.80	9.42	—	(0.86)	3.61
PPS 75/75 guarantee policy	13.98	14.72	—	—	—	(0.74)	3.78
PPS 75/100 guarantee policy	13.77	—	—	—	—	(0.80)	—

The Fund participated in portfolio units only during 2017.

Emerging Markets Fund 9.67P

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Emerging Markets Fund 9.67P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Emerging Markets Fund 9.67P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Emerging Markets Fund 9.67P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Emerging Markets Fund 9.67P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Emerging Markets Fund 9.67P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Emerging Markets Fund 9.67P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Emerging Markets Fund 9.67P

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Emerging Markets Fund 9.67P

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Emerging Markets Fund 9.67P

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Putnam Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Emerging Markets Fund 9.67P

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Comparative information for the year 2017 is not presented in the tables as the Fund became available to individual insurance contractholders during 2018.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	3.26	3.24	3.32	3.31	—
75/100 guarantee policy	3.48	3.46	3.55	3.53	—
100/100 guarantee policy	3.82	3.79	3.89	—	—
PS1 75/75 guarantee policy	2.53	2.50	2.59	2.57	—
PS1 75/100 guarantee policy	2.99	2.96	3.03	3.02	—
PS1 100/100 guarantee policy	3.43	3.40	3.48	3.46	—
PS 75/75 guarantee policy	2.15	2.15	2.20	—	—
PS 75/100 guarantee policy	2.37	2.37	2.42	2.41	—
PPS 75/75 guarantee policy	1.44	1.43	—	—	—
PPS 75/100 guarantee policy	1.88	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	115.59	101.72	127.72	131.22	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

The Fund participated in portfolio units only during 2017.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

CANADIAN EQUITY FUND

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Equity Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Equity Fund

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 15,671	\$ 8,066
Investment income due and accrued	2,482	2,254
Due from The Canada Life Assurance Company (note 7)	—	473
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	1,149,017	1,055,347
Investment fund units	—	—
Total investments	1,149,017	1,055,347
Total assets	\$ 1,167,170	\$ 1,066,140
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	1,507	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	1,507	—
Net assets attributable to contractholders	\$ 1,165,663	\$ 1,066,140

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 274,482	\$ (7,956)
Miscellaneous income (loss)	66	847
Total income	274,548	(7,109)
Expenses		
Management fees (note 7)	6,897	6,566
Transaction costs	584	297
Withholding taxes	18	86
Other	789	750
Total expenses	8,288	7,699
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 266,260	\$ (14,808)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 1,066,140	\$ 1,153,122
Contractholder deposits	181,199	184,185
Contractholder withdrawals	(347,936)	(256,359)
Increase (decrease) in net assets from operations attributable to contractholders	266,260	(14,808)
Change in net assets attributable to contractholders	99,523	(86,982)
Net assets attributable to contractholders - end of year	\$ 1,165,663	\$ 1,066,140

Canadian Equity Fund

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 266,260	\$ (14,808)
Adjustments		
Realized (gains) losses	(72,054)	(27,432)
Unrealized (gains) losses	(166,312)	73,158
Gross proceeds of disposition of investments	737,382	219,585
Gross payments for the purchase of investments	(592,686)	(172,711)
Change in investment income due and accrued	(228)	(22)
Change in due from/to The Canada Life Assurance Company	1,980	(866)
	<u>174,342</u>	<u>76,904</u>
Financing Activities		
Contractholder deposits	181,199	184,185
Contractholder withdrawals	(347,936)	(256,359)
	<u>(166,737)</u>	<u>(72,174)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	7,605	4,730
Cash, short-term deposits and overdrafts, beginning of year	8,066	3,336
Cash, short-term deposits and overdrafts, end of year	\$ 15,671	\$ 8,066
Supplementary cash flow information		
Dividend income received	\$ 35,882	\$ 37,701

Canadian Equity Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Rogers Communications Inc. Class B non-voting	127,567	8,263	7,683
TELUS Corp.	593,445	15,632	17,679
TELUS International Inc.	192,235	7,122	8,035
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	91,852	15,986	16,666
Dollarama Inc.	220,755	11,707	13,976
Gildan Activewear Inc.	240,727	8,658	12,910
Linamar Corp.	164,928	11,923	12,358
Sleep Country Canada Holdings Inc.	359,484	9,736	13,491
Consumer Staples			
Alimentation Couche-Tard Inc.	768,424	18,143	40,726
Empire Co. Ltd. Class A non-voting	566,437	20,203	21,830
Loblaw Companies Ltd.	278,414	15,242	28,855
Energy			
Canadian Natural Resources Ltd.	684,176	26,926	36,569
Cenovus Energy Inc.	432,951	3,627	6,715
Enbridge Inc. [CAD]	451,680	22,878	22,318
Suncor Energy Inc.	721,500	25,872	22,835
TC Energy Corp.	376,759	21,483	22,165
Tourmaline Oil Corp.	216,920	6,586	8,859
Exchange Traded Funds			
Mackenzie US Large Cap Index ETF *	321,880	45,339	56,339
Financials			
Bank of Montreal	204,102	16,721	27,797
Brookfield Asset Management Inc.	439,792	7,224	33,596
Canadian Western Bank	346,283	10,704	12,570
Definity Financial Corp.	187,884	4,133	5,548
ECN Capital Corp.	1,752,746	4,978	9,360
iA Financial Corp. Inc.	288,843	15,943	20,906
Intact Financial Corp.	105,889	10,972	17,410
Manulife Financial Corp.	850,933	17,016	20,516

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Equity Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Financials (continued)			
Onex Corp. sub. voting	64,105	5,762	6,364
Royal Bank of Canada	606,029	46,792	81,359
Sun Life Financial Inc.	418,142	25,342	29,441
The Bank of Nova Scotia	516,162	31,571	46,222
The Toronto-Dominion Bank	820,574	31,786	79,580
Health Care			
DRI Healthcare Trust	549,600	5,914	3,710
Jamieson Wellness Inc.	142,502	5,430	5,720
Industrials			
Bombardier Inc. Class B sub. voting	2,393,925	1,984	4,022
CAE Inc.	426,197	15,002	13,600
Canadian National Railway Co.	294,128	24,236	45,702
Canadian Pacific Railway Ltd.	460,100	23,942	41,860
SNC-Lavalin Group Inc.	337,894	13,629	10,444
Stantec Inc.	110,565	4,754	7,858
Transcontinental Inc. Class A sub. voting	297,817	6,329	6,049
WSP Global Inc.	69,965	8,531	12,848
Information Technology			
CGI Group Inc. Class A sub. voting	195,384	13,316	21,854
Open Text Corp.	229,960	7,701	13,807
Materials			
Agnico Eagle Mines Ltd.	269,206	24,616	18,088
Barrick Gold Corp.	456,198	11,732	10,972
Cascades Inc.	294,700	4,566	4,117
CCL Industries Inc. Class B non-voting	222,260	13,411	15,076
Kinross Gold Corp.	1,405,828	13,115	10,319
Nutrien Ltd. [CAD]	294,830	16,026	28,032
Sabina Gold & Silver Corp.	1,061,605	3,071	1,539
SSR Mining Inc.	172,250	3,420	3,857
Teck Resources Ltd. Class B	395,835	11,575	14,420
Real Estate			
Allied Properties REIT	152,385	5,902	6,697

Canadian Equity Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Real Estate (continued)			
Boardwalk REIT	483,370	17,140	26,503
CT REIT	394,589	6,234	6,834
Dream Office REIT	323,001	6,584	7,956
Utilities			
Capital Power Corp.	335,278	12,355	13,230
Fortis Inc.	145,868	7,523	8,902
Northland Power Inc.	362,841	10,991	13,770
TransAlta Corp.	751,082	8,285	10,553
Total Canadian Common Stock		831,584	1,149,017
Total Stocks		831,584	1,149,017
Transaction Costs (see notes to financial statements (note 2))		(800)	
Total Investments		830,784	1,149,017

Canadian Equity Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Equity Fund (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 12,029	\$ 12,029	\$ 120
Total	\$ —	\$ 12,029	\$ 12,029	\$ 120
As Percent of Net Assets Attributable to Contractholders				1.0%

*Includes both monetary and non-monetary instruments

Canadian Equity Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 183	\$ 183	\$ 2
Total	\$ —	\$ 183	\$ 183	\$ 2
As Percent of Net Assets Attributable to Contractholders				—%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$11,490 (\$10,553 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,149,017	\$ —	\$ —	\$ 1,149,017
Total assets measured at fair value	\$ 1,149,017	\$ —	\$ —	\$ 1,149,017

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,055,347	\$ —	\$ —	\$ 1,055,347
Total assets measured at fair value	\$ 1,055,347	\$ —	\$ —	\$ 1,055,347

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Canadian Equity Fund

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	59,419	65,019	67,193	75,960	85,970	122,864	105,376	110,553	105,137	130,652
Individual	154,586	179,148	206,507	245,043	290,456	145,983	136,387	164,170	168,561	225,690
75/75 guarantee policy	635,716	726,255	829,070	960,362	1,049,470	11,140	10,243	12,189	12,197	15,034
75/100 guarantee policy	2,791,283	3,275,475	3,847,852	4,449,843	4,940,047	48,132	45,533	55,856	55,892	70,090
100/100 guarantee policy	128,474	150,975	187,494	227,533	264,212	2,119	2,015	2,623	2,764	3,639
PS1 75/75 guarantee policy	235,993	237,631	262,876	300,695	287,050	4,573	3,689	4,235	4,166	4,464
PS1 75/100 guarantee policy	1,232,062	1,306,228	1,498,351	1,585,439	1,688,661	23,367	19,892	23,732	21,642	25,934
PS1 100/100 guarantee policy	68,668	66,033	68,631	82,494	105,942	1,261	977	1,060	1,101	1,597
PS2 75/75 guarantee policy	77,439	76,042	92,345	88,521	73,077	1,860	1,431	1,764	1,422	1,288
PS2 75/100 guarantee policy	88,790	112,721	141,445	153,125	166,870	2,133	2,122	2,702	2,460	2,942
PS 75/75 guarantee policy	2,098	1,465	1,478	1,427	—	26	15	15	13	—
PS 75/100 guarantee policy	19,595	27,770	21,028	11,947	—	246	278	217	106	—
PPS 75/75 guarantee policy	9,745	7,116	6,807	—	—	125	72	71	—	—
PPS 75/100 guarantee policy	12,106	1,253	1,263	1,443	—	154	13	13	13	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	2,067.74	1,620.69	1,645.32	1,384.11	1,519.75	447.05	(24.63)
Individual	944.35	761.31	794.98	687.88	777.02	183.04	(33.67)
75/75 guarantee policy	17.52	14.10	14.70	12.70	14.32	3.42	(0.60)
75/100 guarantee policy	17.24	13.90	14.52	12.56	14.19	3.34	(0.62)
100/100 guarantee policy	16.49	13.35	13.99	12.15	13.77	3.14	(0.64)
PS1 75/75 guarantee policy	19.38	15.53	16.11	13.85	15.55	3.85	(0.58)
PS1 75/100 guarantee policy	18.97	15.23	15.84	13.65	15.36	3.74	(0.61)
PS1 100/100 guarantee policy	18.36	14.80	15.44	13.35	15.07	3.56	(0.64)
PS2 75/75 guarantee policy	24.02	18.82	19.10	16.06	17.63	5.20	(0.28)
PS2 75/100 guarantee policy	24.02	18.82	19.10	16.06	17.63	5.20	(0.28)
PS 75/75 guarantee policy	12.62	10.05	10.36	8.85	—	2.57	(0.31)
PS 75/100 guarantee policy	12.55	10.01	10.33	8.84	—	2.54	(0.32)
PPS 75/75 guarantee policy	12.83	10.16	10.43	—	—	2.67	(0.27)
PPS 75/100 guarantee policy	12.72	10.10	10.39	8.86	—	2.62	(0.29)

Canadian Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Canadian Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Canadian Equity Fund

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.85	2.86	2.86	2.88	2.87
75/75 guarantee policy	2.68	2.69	2.69	2.73	2.75
75/100 guarantee policy	2.85	2.86	2.86	2.88	2.86
100/100 guarantee policy	3.22	3.23	3.23	3.25	3.23
PS1 75/75 guarantee policy	2.23	2.23	2.24	2.25	2.24
PS1 75/100 guarantee policy	2.45	2.46	2.46	2.47	2.46
PS1 100/100 guarantee policy	2.78	2.79	2.80	2.81	2.79
PS 75/75 guarantee policy	1.57	1.58	1.58	1.57	—
PS 75/100 guarantee policy	1.74	1.74	1.74	1.74	—
PPS 75/75 guarantee policy	1.11	1.12	1.12	—	—
PPS 75/100 guarantee policy	1.32	1.35	1.35	1.34	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	53.37	16.67	10.89	30.30	27.54

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

DIVIDEND FUND 2.03L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Dividend Fund 2.03L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Dividend Fund 2.03L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 10,712	\$ 11,926
Investment income due and accrued	6,006	5,153
Due from The Canada Life Assurance Company (note 7)	—	569
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	1,997,099	1,798,568
Investment fund units	—	—
Total investments	1,997,099	1,798,568
Total assets	\$ 2,013,817	\$ 1,816,216
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	212	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	212	—
Net assets attributable to contractholders	\$ 2,013,605	\$ 1,816,216

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 488,369	\$ (2,349)
Miscellaneous income (loss)	196	(130)
Total income	488,565	(2,479)
Expenses		
Management fees (note 7)	30,933	29,125
Transaction costs	563	843
Withholding taxes	279	374
Other	3,648	3,440
Total expenses	35,423	33,782
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 453,142	\$ (36,261)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 1,816,216	\$ 2,034,580
Contractholder deposits	64,913	101,584
Contractholder withdrawals	(320,666)	(283,687)
Increase (decrease) in net assets from operations attributable to contractholders	453,142	(36,261)
Change in net assets attributable to contractholders	197,389	(218,364)
Net assets attributable to contractholders - end of year	\$ 2,013,605	\$ 1,816,216

Dividend Fund 2.03L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 453,142	\$ (36,261)
Adjustments		
Realized (gains) losses	(178,870)	(32,341)
Unrealized (gains) losses	(245,134)	102,307
Gross proceeds of disposition of investments	635,362	549,748
Gross payments for the purchase of investments	(409,889)	(421,601)
Change in investment income due and accrued	(853)	115
Change in due from/to The Canada Life Assurance Company	781	(893)
	<u>254,539</u>	<u>161,074</u>
Financing Activities		
Contractholder deposits	64,913	101,584
Contractholder withdrawals	(320,666)	(283,687)
	<u>(255,753)</u>	<u>(182,103)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(1,214)	(21,029)
Cash, short-term deposits and overdrafts, beginning of year	11,926	32,955
Cash, short-term deposits and overdrafts, end of year	\$ 10,712	\$ 11,926
Supplementary cash flow information		
Dividend income received	\$ 63,503	\$ 67,622

Dividend Fund 2.03L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
BCE Inc.	527,950	22,335	34,744
Rogers Communications Inc. Class B non-voting	554,423	28,671	33,393
Shaw Communications Inc. Class B non-voting	1,054,893	28,441	40,497
TELUS Corp.	1,571,793	29,591	46,824
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	77,459	10,753	14,054
Magna International Inc.	207,388	15,427	21,226
Pet Valu Holdings Ltd.	166,335	4,038	6,000
Restaurant Brands International Inc.	192,270	15,655	14,747
Consumer Staples			
Alimentation Couche-Tard Inc.	576,688	18,952	30,564
Empire Co. Ltd. Class A non-voting	395,789	15,309	15,254
Loblaw Companies Ltd.	382,125	19,979	39,603
Energy			
Canadian Natural Resources Ltd.	994,223	34,040	53,141
Enbridge Inc. [CAD]	1,466,449	57,590	72,457
Gibson Energy Inc.	209,992	4,816	4,708
Hydro One Ltd.	599,885	18,482	19,742
Parkland Corp. of Canada	280,083	11,321	9,738
Pembina Pipeline Corp.	533,878	19,649	20,485
Suncor Energy Inc.	782,425	25,864	24,764
TC Energy Corp.	750,972	39,131	44,180
Tourmaline Oil Corp.	401,823	9,042	16,410
Financials			
Bank of Montreal	419,425	35,351	57,121
Brookfield Asset Management Inc.	1,140,287	41,419	87,107
Canadian Imperial Bank of Commerce	388,271	40,634	57,251
Definity Financial Corp.	324,468	7,138	9,582
Element Fleet Management Corp.	775,302	9,257	9,986
iA Financial Corp. Inc.	200,957	9,651	14,545
Intact Financial Corp.	225,540	17,848	37,083
Manulife Financial Corp.	2,012,829	44,294	48,529
National Bank of Canada	151,945	9,087	14,654

Dividend Fund 2.03L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Financials (continued)			
Royal Bank of Canada	1,069,641	65,692	143,599
Sun Life Financial Inc.	497,876	21,618	35,055
The Bank of Nova Scotia	1,078,745	61,164	96,602
The Toronto-Dominion Bank	1,313,274	60,114	127,361
Thomson Reuters Corp.	104,281	7,478	15,775
TMX Group Ltd.	90,699	9,977	11,632
Health Care			
Jamieson Wellness Inc.	286,541	5,603	11,502
Industrials			
AG Growth International Inc.	103,210	4,300	3,270
Canadian National Railway Co.	378,452	27,025	58,804
Canadian Pacific Railway Ltd.	407,199	24,769	37,047
Exchange Income Corp.	463,847	18,318	19,547
TFI International Inc.	73,962	7,465	10,493
Toromont Industries Ltd.	136,954	9,226	15,662
Waste Connections Inc.	115,533	7,744	19,918
WSP Global Inc.	161,559	9,859	29,667
Information Technology			
Constellation Software Inc.	4,486	9,908	10,528
Open Text Corp.	460,813	22,242	27,667
Materials			
CCL Industries Inc. Class B non-voting	166,156	11,261	11,270
Franco-Nevada Corp. [CAD]	139,654	16,230	24,431
Kirkland Lake Gold Ltd.	264,898	13,918	14,042
Nutrien Ltd. [CAD]	494,077	30,220	46,977
Stella-Jones Inc.	149,352	6,600	5,976
Real Estate			
Allied Properties REIT	317,111	12,526	13,937
Canadian Apartment Properties REIT	304,691	15,243	18,269
Chartwell Retirement Residences REIT	872,057	12,659	10,308
First Capital REIT	1,147,413	21,233	21,640
Granite REIT Holdings LP	172,426	9,689	18,174

Dividend Fund 2.03L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Utilities			
Algonquin Power & Utilities Corp.	675,345	8,006	12,339
Capital Power Corp.	300,586	8,741	11,861
Emera Inc.	254,959	12,557	16,119
Northland Power Inc.	639,337	17,605	24,263
Total Canadian Common Stock		1,212,755	1,822,124
United States Common Stock			
Communication Services			
Comcast Corp. Class A	63,319	3,139	4,031
The Walt Disney Co.	41,246	7,472	8,082
Consumer Discretionary			
The TJX Companies Inc.	158,875	12,256	15,258
Exchange Traded Funds			
iShares Semiconductor ETF	16,185	7,160	11,104
Financials			
Capital One Financial Corp.	31,359	4,758	5,756
Morgan Stanley	38,657	2,527	4,800
Health Care			
Johnson & Johnson Inc.	102,622	18,140	22,208
Industrials			
Danaher Corp.	17,083	7,018	7,110
Information Technology			
Microsoft Corp.	105,991	14,270	45,094
Visa Inc. Class A	15,833	4,264	4,341
Total United States Common Stock		81,004	127,784
Global Common Stock			
Bermuda			
Brookfield Infrastructure Partners LP Partnership Units	560,989	23,886	43,191

Dividend Fund 2.03L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Global Common Stock (continued)			
Ireland			
Medtronic Co. PLC	30,569	4,036	4,000
Total Global Common Stock		27,922	47,191
Total Stocks		1,321,681	1,997,099
Transaction Costs (see notes to financial statements (note 2))		(979)	
Total Investments		1,320,702	1,997,099

Dividend Fund 2.03L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Dividend Fund 2.03L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 131,784	\$ 10,078	\$ 141,862	\$ 1,419
Total	\$ 131,784	\$ 10,078	\$ 141,862	\$ 1,419
As Percent of Net Assets Attributable to Contractholders				7.0% 0.1%

*Includes both monetary and non-monetary instruments

Dividend Fund 2.03L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 184,922	\$ 655	\$ 185,577	\$ 1,856
Total	\$ 184,922	\$ 655	\$ 185,577	\$ 1,856
As Percent of Net Assets Attributable to Contractholders			10.2%	0.1%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$19,971 (\$17,986 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,997,099	\$ —	\$ —	\$ 1,997,099
Total assets measured at fair value	\$ 1,997,099	\$ —	\$ —	\$ 1,997,099

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,798,568	\$ —	\$ —	\$ 1,798,568
Total assets measured at fair value	\$ 1,798,568	\$ —	\$ —	\$ 1,798,568

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Dividend Fund 2.03L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	403,921	464,903	491,011	526,217	544,853	335,447	300,128	316,817	282,952	316,433
Individual	8,285,741	9,721,208	11,619,580	14,233,109	17,420,271	412,721	386,755	474,762	497,963	676,501
75/75 guarantee policy	3,925,367	4,544,643	5,191,571	5,790,499	6,170,623	85,590	79,058	92,647	88,384	104,432
75/100 guarantee policy	18,957,850	22,031,565	25,527,063	28,338,475	30,449,833	408,119	378,821	450,775	428,496	511,060
100/100 guarantee policy	562,415	675,532	817,643	959,139	1,089,738	11,576	11,146	13,906	14,020	17,748
PS1 75/75 guarantee policy	2,089,435	2,073,217	2,358,160	2,507,649	2,618,380	41,376	32,606	37,872	34,289	39,514
PS1 75/100 guarantee policy	12,689,911	13,457,532	14,852,983	16,019,201	16,160,409	245,930	207,593	234,495	215,812	240,822
PS1 100/100 guarantee policy	413,212	449,765	510,289	525,913	583,996	7,753	6,740	7,853	6,929	8,540
PS2 75/75 guarantee policy	476,866	603,050	689,045	868,282	955,267	11,650	11,449	13,070	13,720	16,297
PS2 75/100 guarantee policy	1,108,955	1,341,691	1,531,929	1,719,018	1,824,576	27,094	25,472	29,058	27,163	31,128
PS2 100/100 guarantee policy	34,968	44,981	49,005	46,512	69,174	854	854	929	735	1,180
PS 75/75 guarantee policy	45,068	51,527	55,260	32,221	—	605	545	593	293	—
PS 75/100 guarantee policy	205,438	230,312	215,057	57,015	—	2,745	2,431	2,305	517	—
PS 100/100 guarantee policy	—	1,708	1,718	1,341	—	—	18	18	12	—
PPS 75/75 guarantee policy	53,011	35,721	41,713	6,706	—	723	382	451	61	—
PPS 75/100 guarantee policy	103,958	102,654	102,607	40,979	—	1,406	1,093	1,105	373	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	830.48	645.57	645.23	537.71	580.77	184.91	0.34
Individual	49.81	39.78	40.86	34.99	38.83	10.03	(1.08)
75/75 guarantee policy	21.80	17.40	17.85	15.26	16.92	4.40	(0.45)
75/100 guarantee policy	21.53	17.19	17.66	15.12	16.78	4.34	(0.47)
100/100 guarantee policy	20.58	16.50	17.01	14.62	16.29	4.08	(0.51)
PS1 75/75 guarantee policy	19.80	15.73	16.06	13.67	15.09	4.07	(0.33)
PS1 75/100 guarantee policy	19.38	15.43	15.79	13.47	14.90	3.95	(0.36)
PS1 100/100 guarantee policy	18.76	14.99	15.39	13.18	14.62	3.77	(0.40)
PS2 75/75 guarantee policy	24.43	18.98	18.97	15.80	17.06	5.45	0.01
PS2 75/100 guarantee policy	24.43	18.98	18.97	15.80	17.06	5.45	0.01
PS2 100/100 guarantee policy	24.43	18.98	18.97	15.80	17.06	5.45	0.01
PS 75/75 guarantee policy	13.42	10.58	10.74	9.08	—	2.84	(0.16)
PS 75/100 guarantee policy	13.36	10.56	10.72	9.08	—	2.80	(0.16)
PS 100/100 guarantee policy	—	10.46	10.66	9.06	—	—	(0.20)
PPS 75/75 guarantee policy	13.63	10.71	10.81	9.10	—	2.92	(0.10)
PPS 75/100 guarantee policy	13.52	10.65	10.77	9.09	—	2.87	(0.12)

Dividend Fund 2.03L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Dividend Fund 2.03L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Dividend Fund 2.03L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Dividend Fund 2.03L

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Dividend Fund 2.03L

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Dividend Fund 2.03L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.75	2.75	2.76	2.77	2.76
75/75 guarantee policy	2.64	2.64	2.64	2.66	2.66
75/100 guarantee policy	2.75	2.75	2.76	2.77	2.76
100/100 guarantee policy	3.12	3.12	3.13	3.15	3.14
PS1 75/75 guarantee policy	2.18	2.18	2.19	2.20	2.19
PS1 75/100 guarantee policy	2.40	2.41	2.41	2.42	2.41
PS1 100/100 guarantee policy	2.74	2.74	2.75	2.76	2.75
PS 75/75 guarantee policy	1.52	1.52	1.52	1.52	—
PS 75/100 guarantee policy	1.63	1.63	1.63	1.63	—
PS 100/100 guarantee policy	—	2.00	2.01	2.00	—
PPS 75/75 guarantee policy	1.06	1.06	1.06	1.06	—
PPS 75/100 guarantee policy	1.28	1.29	1.29	1.29	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	21.37	23.98	19.19	17.16	23.34

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

GROWTH EQUITY FUND 2.04L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Growth Equity Fund 2.04L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Growth Equity Fund 2.04L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 5,371	\$ 3,221
Investment income due and accrued	761	196
Due from The Canada Life Assurance Company (note 7)	—	182
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	388,745	172,669
Investment fund units	—	—
Total investments	388,745	172,669
Total assets	\$ 394,877	\$ 176,268
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	27	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	27	—
Net assets attributable to contractholders	\$ 394,850	\$ 176,268

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 72,341	\$ 10,962
Miscellaneous income (loss)	81	(71)
Total income	72,422	10,891
Expenses		
Management fees (note 7)	368	359
Transaction costs	187	87
Withholding taxes	14	6
Other	43	42
Total expenses	612	494
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 71,810	\$ 10,397

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 176,268	\$ 18,937
Contractholder deposits	193,495	154,001
Contractholder withdrawals	(46,723)	(7,067)
Increase (decrease) in net assets from operations attributable to contractholders	71,810	10,397
Change in net assets attributable to contractholders	218,582	157,331
Net assets attributable to contractholders - end of year	\$ 394,850	\$ 176,268

Growth Equity Fund 2.04L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 71,810	\$ 10,397
Adjustments		
Realized (gains) losses	(9,959)	(2,102)
Unrealized (gains) losses	(53,910)	(7,780)
Gross proceeds of disposition of investments	114,082	34,020
Gross payments for the purchase of investments	(266,289)	(178,120)
Change in investment income due and accrued	(565)	(175)
Change in due from/to The Canada Life Assurance Company	209	(209)
	<u>(144,622)</u>	<u>(143,969)</u>
Financing Activities		
Contractholder deposits	193,495	154,001
Contractholder withdrawals	(46,723)	(7,067)
	<u>146,772</u>	<u>146,934</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	2,150	2,965
Cash, short-term deposits and overdrafts, beginning of year	3,221	256
Cash, short-term deposits and overdrafts, end of year	\$ 5,371	\$ 3,221
Supplementary cash flow information		
Dividend income received	\$ 7,900	\$ 903

Growth Equity Fund 2.04L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Shaw Communications Inc. Class B non-voting	265,808	6,809	10,204
TELUS Corp.	337,311	8,777	10,048
Consumer Discretionary			
Aritzia Inc.	166,286	6,577	8,705
Dollarama Inc.	175,499	9,208	11,111
Magna International Inc.	73,246	6,584	7,497
Energy			
Canadian Natural Resources Ltd.	267,896	10,103	14,319
Cenovus Energy Inc.	661,093	9,519	10,254
Suncor Energy Inc.	351,771	8,139	11,134
TC Energy Corp.	226,302	12,738	13,313
Financials			
Brookfield Asset Management Inc.	327,610	16,277	25,026
Manulife Financial Corp.	370,285	8,576	8,928
Royal Bank of Canada	260,338	26,912	34,951
Sun Life Financial Inc.	169,805	10,344	11,956
The Bank of Nova Scotia	221,222	15,539	19,810
The Toronto-Dominion Bank	309,841	21,526	30,048
Industrials			
Air Canada variable voting	170,155	4,017	3,595
CAE Inc.	231,630	7,280	7,391
Canadian National Railway Co.	56,749	7,844	8,818
Canadian Pacific Railway Ltd.	217,874	19,294	19,822
GFL Environmental Inc.	63,553	3,209	3,040
Waste Connections Inc.	81,947	10,664	14,128
Information Technology			
Constellation Software Inc.	6,171	10,151	14,483
Lightspeed Commerce Inc.	33,111	5,086	1,691
Open Text Corp.	108,843	6,078	6,535
Shopify Inc. [CAD]	11,551	18,281	20,118

Growth Equity Fund 2.04L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Materials			
Agnico Eagle Mines Ltd.	64,490	5,569	4,333
Barrick Gold Corp.	131,363	3,843	3,159
First Quantum Minerals Ltd.	242,827	4,970	7,350
Franco-Nevada Corp. [CAD]	33,034	4,967	5,779
Nutrien Ltd. [CAD]	39,537	2,452	3,759
Utilities			
Emera Inc.	90,143	4,851	5,699
Total Canadian Common Stock		296,184	357,004
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	1,951	4,694	7,150
Consumer Discretionary			
Hilton Worldwide Holdings Inc.	43,640	6,537	8,612
Consumer Staples			
The Estee Lauder Companies Inc. Class A	16,350	6,169	7,657
Information Technology			
MasterCard Inc. Class A	14,640	6,602	6,655
PayPal Holdings Inc.	6,986	2,247	1,667
Total United States Common Stock		26,249	31,741
Total Stocks		322,433	388,745
Transaction Costs (see notes to financial statements (note 2))		(169)	
Total Investments		322,264	388,745

Growth Equity Fund 2.04L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Growth Equity Fund 2.04L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 31,741	\$ 55	\$ 31,796	\$ 318
Total	\$ 31,741	\$ 55	\$ 31,796	\$ 318
As Percent of Net Assets Attributable to Contractholders				8.1% 0.1%

*Includes both monetary and non-monetary instruments

Growth Equity Fund 2.04L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 15,928	\$ 28	\$ 15,956	\$ 160
Total	\$ 15,928	\$ 28	\$ 15,956	\$ 160
As Percent of Net Assets Attributable to Contractholders			9.1%	0.1%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$3,887 (\$1,727 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 388,745	\$ —	\$ —	\$ 388,745
Total assets measured at fair value	\$ 388,745	\$ —	\$ —	\$ 388,745

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 172,643	\$ 26	\$ —	\$ 172,669
Total assets measured at fair value	\$ 172,643	\$ 26	\$ —	\$ 172,669

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 1 (Level 2 at December 31, 2020).

Growth Equity Fund 2.04L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	2,686	2,943	3,190	3,797	3,908	986	869	957	933	1,030
Individual	246,383	276,275	310,116	359,334	436,412	5,939	5,515	6,470	6,322	8,477
75/75 guarantee policy	46,860	61,076	76,741	82,339	71,744	869	936	1,227	1,108	1,063
75/100 guarantee policy	259,961	301,897	337,368	382,004	371,737	4,710	4,530	5,291	5,052	5,428
100/100 guarantee policy	14,920	16,410	14,380	22,253	31,310	258	236	217	285	444
PS1 75/75 guarantee policy	15,446	10,715	9,359	16,773	10,647	315	180	163	245	171
PS1 75/100 guarantee policy	107,305	96,475	109,370	101,725	104,096	2,141	1,587	1,873	1,464	1,647
PS1 100/100 guarantee policy	7,877	6,805	10,497	13,285	13,965	152	109	175	187	217
PS2 75/75 guarantee policy	2,817	2,636	2,194	2,204	3,279	72	54	46	37	60
PS2 75/100 guarantee policy	5,155	9,740	9,725	9,124	8,771	131	199	202	155	160
PS 75/75 guarantee policy	456	460	465	—	—	6	5	5	—	—
PS 75/100 guarantee policy	2,473	861	871	—	—	31	9	9	—	—
PPS 75/75 guarantee policy	6,386	—	—	—	—	82	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	366.96	295.25	299.87	245.71	263.54	71.71	(4.62)
Individual	24.11	19.96	20.86	17.59	19.43	4.15	(0.90)
75/75 guarantee policy	18.55	15.33	15.99	13.45	14.82	3.22	(0.66)
75/100 guarantee policy	18.12	15.00	15.68	13.23	14.60	3.12	(0.68)
100/100 guarantee policy	17.32	14.40	15.11	12.79	14.17	2.92	(0.71)
PS1 75/75 guarantee policy	20.39	16.78	17.43	14.61	16.02	3.61	(0.65)
PS1 75/100 guarantee policy	19.95	16.45	17.13	14.39	15.82	3.50	(0.68)
PS1 100/100 guarantee policy	19.32	15.99	16.70	14.07	15.53	3.33	(0.71)
PS2 75/75 guarantee policy	25.41	20.44	20.75	17.00	18.22	4.97	(0.31)
PS2 75/100 guarantee policy	25.41	20.44	20.75	17.00	18.22	4.97	(0.31)
PS 75/75 guarantee policy	12.61	10.30	10.63	—	—	2.31	(0.33)
PS 75/100 guarantee policy	12.52	10.25	10.60	—	—	2.27	(0.35)
PPS 75/75 guarantee policy	12.79	—	—	—	—	2.38	—

Growth Equity Fund 2.04L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Growth Equity Fund 2.04L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Growth Equity Fund 2.04L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Growth Equity Fund 2.04L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Growth Equity Fund 2.04L

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Growth Equity Fund 2.04L

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Growth Equity Fund 2.04L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.91	2.91	2.92	2.93	2.93
75/75 guarantee policy	2.69	2.69	2.69	2.72	2.75
75/100 guarantee policy	2.91	2.91	2.92	2.93	2.92
100/100 guarantee policy	3.28	3.28	3.29	3.31	3.30
PS1 75/75 guarantee policy	2.28	2.29	2.30	2.30	2.31
PS1 75/100 guarantee policy	2.51	2.51	2.52	2.53	2.52
PS1 100/100 guarantee policy	2.84	2.85	2.85	2.87	2.86
PS 75/75 guarantee policy	1.57	1.57	1.56	—	—
PS 75/100 guarantee policy	1.78	1.78	1.78	—	—
PPS 75/75 guarantee policy	1.16	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	33.99	74.65	22.52	22.45	27.07

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

GLOBAL EQUITY FUND 2.05L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Equity Fund 2.05L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Equity Fund 2.05L

(in Canadian \$ thousands)

Fund Manager: Putnam Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 3,968	\$ 4,118
Investment income due and accrued	107	86
Due from The Canada Life Assurance Company (note 8)	83	—
Due from brokers	—	—
Due from outside parties	169	169
Investments		
Bonds	—	—
Stocks	233,974	267,430
Investment fund units	—	—
Derivatives (note 7)	415	821
Total investments	234,389	268,251
Total assets	\$ 238,716	\$ 272,624
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	35
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	508	870
Total liabilities excluding net assets attributable to contractholders	508	905
Net assets attributable to contractholders	\$ 238,208	\$ 271,719

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 42,637	\$ 28,948
Miscellaneous income (loss)	236	(137)
Total income	42,873	28,811
Expenses		
Management fees (note 8)	2,079	1,920
Transaction costs	195	414
Withholding taxes	281	407
Other	244	227
Total expenses	2,799	2,968
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 40,074	\$ 25,843

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 271,719	\$ 325,444
Contractholder deposits	14,520	21,854
Contractholder withdrawals	(88,105)	(101,422)
Increase (decrease) in net assets from operations attributable to contractholders	40,074	25,843
Change in net assets attributable to contractholders	(33,511)	(53,725)
Net assets attributable to contractholders - end of year	\$ 238,208	\$ 271,719

Global Equity Fund 2.05L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 40,074	\$ 25,843
Adjustments		
Realized (gains) losses	(52,348)	(26,703)
Unrealized (gains) losses	12,491	5,264
Gross proceeds of disposition of investments	183,745	263,102
Gross payments for the purchase of investments	(110,388)	(187,161)
Change in investment income due and accrued	(21)	83
Change in due from/to The Canada Life Assurance Company	(118)	(83)
Change in due from/to brokers	—	9
	<u>73,435</u>	<u>80,354</u>
Financing Activities		
Contractholder deposits	14,520	21,854
Contractholder withdrawals	(88,105)	(101,422)
	<u>(73,585)</u>	<u>(79,568)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(150)	786
Cash, short-term deposits and overdrafts, beginning of year	<u>4,118</u>	<u>3,332</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 3,968</u>	<u>\$ 4,118</u>
Supplementary cash flow information		
Dividend income received	\$ 2,654	\$ 4,328

Global Equity Fund 2.05L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Cogeco Communications Inc. sub. voting	25,727	2,697	2,590
Information Technology			
Constellation Software Inc.	1,385	2,093	3,250
Lightspeed Commerce Inc.	21,896	2,050	1,117
Shopify Inc. [USD]	749	1,056	1,304
Total Canadian Common Stock		7,896	8,261
United States Common Stock			
Communication Services			
The Walt Disney Co.	16,149	3,276	3,164
Consumer Discretionary			
Amazon.com Inc.	2,140	2,663	9,027
Chipotle Mexican Grill Inc.	997	1,694	2,205
General Motors Co.	38,823	2,419	2,879
Levi Strauss & Co.	61,827	1,379	1,958
Target Corp.	8,995	2,686	2,634
The Home Depot Inc.	5,504	2,502	2,890
Consumer Staples			
CVS Health Corp.	29,088	3,042	3,796
McCormick & Co. Inc. non-voting	14,605	1,797	1,785
Walmart Inc.	25,982	4,084	4,756
Zevia PBC	35,916	624	320
Financials			
Bank of America Corp.	72,505	2,768	4,081
BlackRock Inc.	2,420	2,832	2,803
Citigroup Inc.	44,673	3,985	3,413
KKR & Co. Inc. Class A	33,923	2,397	3,197
Health Care			
Bio-Rad Laboratories Inc.	2,623	1,461	2,507
Eli Lilly and Co.	12,923	3,304	4,516
Merck & Co. Inc.	16,971	1,627	1,645

Global Equity Fund 2.05L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Health Care (continued)			
Regeneron Pharmaceuticals Inc.	3,578	2,423	2,858
The Cooper Companies Inc.	6,166	2,874	3,268
Thermo Fisher Scientific Inc.	4,369	2,465	3,688
Industrials			
Danaher Corp.	12,184	1,777	5,071
Deere & Co.	5,028	2,341	2,181
Honeywell International Inc.	8,794	2,375	2,319
Ingersoll-Rand Inc.	31,953	2,438	2,501
Otis Worldwide Corp.	21,230	1,656	2,338
Union Pacific Corp.	13,486	2,868	4,298
Waste Connections Inc.	6,291	765	1,084
Information Technology			
Adobe Inc.	7,078	2,105	5,077
Apple Inc.	33,234	5,760	7,465
Applied Materials Inc.	9,050	1,713	1,802
DocuSign Inc.	7,575	2,280	1,460
Dynatrace Inc.	28,408	1,253	2,169
Fidelity National Information Services Inc.	23,008	3,914	3,177
Intuit Inc.	3,394	2,333	2,762
Microsoft Corp.	26,842	4,595	11,419
NVIDIA Corp.	8,902	2,206	3,312
PayPal Holdings Inc.	8,793	1,240	2,098
Roper Industries Inc.	3,217	1,844	2,002
Salesforce.com Inc.	9,374	3,424	3,014
Texas Instruments Inc.	12,098	1,698	2,884
Visa Inc. Class A	15,842	1,661	4,343
Materials			
Avery Dennison Corp.	10,468	1,763	2,868
Ball Corp.	12,556	681	1,529
Ginkgo Bioworks Holdings Inc.	166,442	1,999	1,750

Global Equity Fund 2.05L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Utilities			
NRG Energy Inc.	115,436	4,292	6,291
The AES Corp.	74,426	2,049	2,288
Total United States Common Stock		113,332	154,892
Global Common Stock			
Australia			
QBE Insurance Group Ltd.	170,176	1,605	1,777
Bermuda			
Assured Guaranty Ltd.	37,222	1,552	2,364
Denmark			
DSV AS	7,113	1,524	2,078
Novozymes AS	30,777	2,842	3,186
France			
AXA SA	72,519	2,394	2,733
Bureau Veritas SA	28,672	1,168	1,204
Eurazeo SE	30,293	3,014	3,348
Hong Kong			
AIA Group Ltd.	203,800	2,887	2,599
Techtronic Industries Co. Ltd.	111,500	2,375	2,808
Ireland			
Johnson Controls International PLC	25,541	1,291	2,627
Kerry Group PLC Class A	13,837	2,294	2,255
Linde PLC [USD]	6,831	2,477	2,994
Medtronic Co. PLC	19,929	3,060	2,608
Japan			
Asahi Group Holdings Ltd.	49,800	2,916	2,444
Kyudenko Corp.	26,500	1,172	1,034
Open House Co. Ltd.	30,400	1,036	2,015
Sony Group Corp.	15,500	2,238	2,478

Global Equity Fund 2.05L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Netherlands			
ASML Holding NV [USD Shares]	3,491	1,748	3,516
Heineken NV	21,037	2,764	2,990
Koninklijke DSM NV	10,548	2,326	2,994
Switzerland			
Lonza Group AG	1,790	1,317	1,884
Novartis AG	15,809	1,924	1,754
SIG Combibloc Group AG	59,994	818	2,119
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	17,035	1,326	2,593
United Kingdom			
Ashtead Group PLC	37,323	1,402	3,796
Liberty Global PLC Class C	75,959	2,081	2,699
Prudential PLC	112,375	2,409	2,452
Unilever PLC	51,403	3,758	3,472
Total Global Common Stock		57,718	70,821
Total Stocks		178,946	233,974

Global Equity Fund 2.05L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
1.3212	March 16, 2022	Pound Sterling	937	United States Dollar	887	50
1.3316	March 16, 2022	Pound Sterling	1,376	United States Dollar	1,328	48
113.6955	February 16, 2022	United States Dollar	20	Japanese Yen	(14)	34
3.2242	January 19, 2022	Israeli New Shekel	691	United States Dollar	657	34
1.2806	January 19, 2022	Canadian Dollar	2,372	United States Dollar	2,349	23
1.2805	January 19, 2022	Canadian Dollar	2,083	United States Dollar	2,063	20
1.1365	March 16, 2022	Euro	3,907	United States Dollar	3,889	18
0.7951	January 19, 2022	United States Dollar	2,932	Canadian Dollar	2,916	16
1.2804	January 19, 2022	Canadian Dollar	1,661	United States Dollar	1,645	16
1.3315	March 16, 2022	Pound Sterling	443	United States Dollar	428	15
113.6505	February 16, 2022	United States Dollar	9	Japanese Yen	(6)	15
1.4050	January 19, 2022	Australian Dollar	491	United States Dollar	478	13
113.6442	February 16, 2022	United States Dollar	8	Japanese Yen	(6)	13
1.2806	January 19, 2022	Canadian Dollar	1,163	United States Dollar	1,152	11
1.3842	January 19, 2022	Australian Dollar	1,302	United States Dollar	1,291	11
0.7951	January 19, 2022	United States Dollar	1,886	Canadian Dollar	1,875	10
1.1366	March 16, 2022	Euro	1,986	United States Dollar	1,977	9
0.7951	January 19, 2022	United States Dollar	1,321	Canadian Dollar	1,314	7
1.0912	March 16, 2022	Swiss Franc	608	United States Dollar	601	7
1.1363	March 16, 2022	Euro	1,316	United States Dollar	1,310	6
1.1364	March 16, 2022	Euro	1,196	United States Dollar	1,191	6
1.2764	January 19, 2022	Canadian Dollar	785	United States Dollar	779	6
0.7951	January 19, 2022	United States Dollar	925	Canadian Dollar	920	5
1.0923	March 16, 2022	Swiss Franc	535	United States Dollar	530	5
8.8541	March 16, 2022	Norwegian Krone	1,064	United States Dollar	1,059	5
7.7832	February 16, 2022	United States Dollar	287	Hong Kong Dollar	282	4
6.4444	February 16, 2022	Chinese Yuan Renminbi	272	United States Dollar	269	4
1.3726	January 19, 2022	United States Dollar	358	Australian Dollar	357	1
7.7882	February 16, 2022	United States Dollar	113	Hong Kong Dollar	112	1
1.3502	February 16, 2022	Singapore Dollar	767	United States Dollar	766	1
1.2805	January 19, 2022	Canadian Dollar	71	United States Dollar	71	1
0.7950	January 19, 2022	United States Dollar	57	Canadian Dollar	56	-
Derivatives - Assets						415
9.0216	March 16, 2022	Swedish Krona	35	United States Dollar	35	-
1.0913	March 16, 2022	United States Dollar	73	Swiss Franc	73	(1)
1.3725	January 19, 2022	Australian Dollar	389	United States Dollar	390	(1)
1.2578	January 19, 2022	Canadian Dollar	626	United States Dollar	629	(3)
1.4052	January 19, 2022	United States Dollar	73	Australian Dollar	76	(3)
1.1365	March 16, 2022	United States Dollar	830	Euro	833	(3)
1.0914	March 16, 2022	United States Dollar	358	Swiss Franc	362	(3)

Global Equity Fund 2.05L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Derivatives - Liabilities (continued)

9.0225	March 16, 2022	Swedish Krona	1,649	United States Dollar	1,653	(4)
113.6540	February 16, 2022	Japanese Yen	293	United States Dollar	298	(4)
1.1304	March 16, 2022	United States Dollar	403	Euro	408	(5)
1.1366	March 16, 2022	United States Dollar	2,015	Euro	2,023	(8)
1.2481	January 19, 2022	Canadian Dollar	757	United States Dollar	765	(8)
6.5420	March 16, 2022	United States Dollar	404	Danish Krone	412	(9)
1.1364	March 16, 2022	United States Dollar	2,140	Euro	2,149	(9)
1.1366	March 16, 2022	United States Dollar	2,532	Euro	2,542	(10)
1.4050	January 19, 2022	United States Dollar	277	Australian Dollar	287	(10)
1.3313	March 16, 2022	United States Dollar	432	Pound Sterling	444	(11)
0.7809	January 19, 2022	United States Dollar	1,102	Canadian Dollar	1,116	(14)
1.3589	January 19, 2022	Australian Dollar	945	United States Dollar	960	(14)
1.3313	March 16, 2022	United States Dollar	573	Pound Sterling	588	(15)
113.6763	February 16, 2022	Japanese Yen	1,022	United States Dollar	1,037	(15)
113.0650	February 16, 2022	Japanese Yen	890	United States Dollar	909	(19)
1.3314	March 16, 2022	United States Dollar	904	Pound Sterling	928	(24)
1.3317	March 16, 2022	United States Dollar	930	Pound Sterling	954	(24)
1.2578	January 19, 2022	Canadian Dollar	5,940	United States Dollar	5,966	(26)
9.1026	March 16, 2022	United States Dollar	79	Norwegian Krone	107	(28)
1.3316	March 16, 2022	United States Dollar	1,126	Pound Sterling	1,155	(30)
1.3316	March 16, 2022	United States Dollar	1,220	Pound Sterling	1,252	(32)
113.6555	February 16, 2022	Japanese Yen	3,540	United States Dollar	3,594	(54)
0.7809	January 19, 2022	United States Dollar	4,638	Canadian Dollar	4,696	(58)
113.6470	February 16, 2022	Japanese Yen	4,121	United States Dollar	4,184	(63)

Derivatives - Liabilities (508)

Total Forward Currency Contracts (93)

Total Derivative Instruments at Fair Value (93)

Transaction Costs (see notes to financial statements (note 2)) (170)

Total Investments 178,776 233,881

Global Equity Fund 2.05L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Global Equity Fund 2.05L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Global Equity Fund 2.05L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 168,091	\$ 2,669	\$ 170,760	\$ 1,708
Euro	17,834	—	17,834	178
Other Currencies	41,671	1	41,672	417
Total	\$ 227,596	\$ 2,670	\$ 230,266	\$ 2,303
As Percent of Net Assets Attributable to Contractholders				96.7%
				1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 189,332	\$ 3,108	\$ 192,440	\$ 1,924
United Kingdom Pound Sterling	1,943	—	1,943	19
Euro	24,121	4	24,125	241
Other Currencies	43,359	1	43,360	435
Total	\$ 258,755	\$ 3,113	\$ 261,868	\$ 2,619
As Percent of Net Assets Attributable to Contractholders				96.4%
				1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$2,340 (\$2,674 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Global Equity Fund 2.05L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Stocks	\$ 214,981	\$ 18,993	\$ —	\$ 233,974
Derivatives ⁽¹⁾	—	415	—	415
Total assets measured at fair value	\$ 214,981	\$ 19,408	\$ —	\$ 234,389
Liabilities measured at fair value				
Derivatives ⁽²⁾	\$ —	\$ 508	\$ —	\$ 508
Net assets attributable to contractholders measured at fair value	\$ 214,981	\$ 18,900	\$ —	\$ 233,881

⁽¹⁾ Excludes collateral received from counterparties of \$146.

⁽²⁾ Excludes collateral pledged to counterparties of \$25.

2020				
Assets and Liabilities Measured at Fair Value				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Stocks	\$ 208,178	\$ 59,252	\$ —	\$ 267,430
Derivatives ⁽¹⁾	—	821	—	821
Total assets measured at fair value	\$ 208,178	\$ 60,073	\$ —	\$ 268,251
Liabilities measured at fair value				
Derivatives ⁽²⁾	\$ —	\$ 870	\$ —	\$ 870
Net assets attributable to contractholders measured at fair value	\$ 208,178	\$ 59,203	\$ —	\$ 267,381

⁽¹⁾ Excludes collateral received from counterparties of \$155.

⁽²⁾ Excludes collateral pledged to counterparties of \$218.

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Global Equity Fund 2.05L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	40,676	40,872	40,751	61,887	57,042	11,694	9,868	9,026	11,199	10,811
Individual	1,370,602	1,591,135	1,864,947	2,309,910	2,616,803	25,733	25,876	28,703	29,960	36,676
75/75 guarantee policy	231,783	246,877	292,384	309,268	253,461	6,376	5,873	6,571	5,848	5,170
75/100 guarantee policy	761,140	833,705	982,584	1,193,072	918,014	20,531	19,479	21,728	22,232	18,486
100/100 guarantee policy	20,492	22,945	28,433	30,965	40,827	529	515	606	558	798
PS1 75/75 guarantee policy	99,359	89,705	119,379	126,151	82,732	2,781	2,159	2,699	2,386	1,679
PS1 75/100 guarantee policy	505,089	493,275	547,660	762,525	501,840	13,689	11,534	12,070	14,106	9,992
PS1 100/100 guarantee policy	9,994	13,448	14,505	14,487	8,729	259	303	309	260	169
PS2 75/75 guarantee policy	38,804	40,828	44,735	44,724	34,448	1,369	1,209	1,215	992	800
PS2 75/100 guarantee policy	41,186	47,588	61,463	85,778	49,097	1,453	1,409	1,669	1,902	1,140
PS 75/75 guarantee policy	579	1,575	2,639	1,196	—	8	18	28	11	—
PS 75/100 guarantee policy	11,659	20,170	19,553	10,447	—	153	227	206	92	—
PPS 75/75 guarantee policy	25,673	26,894	25,137	—	—	347	309	268	—	—
PPS 75/100 guarantee policy	12,285	8,360	7,970	6,911	—	164	95	85	61	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	287.50	241.42	221.49	180.95	189.53	46.08	19.93
Individual	18.77	16.26	15.39	12.97	14.02	2.51	0.87
75/75 guarantee policy	27.51	23.79	22.48	18.91	20.40	3.72	1.31
75/100 guarantee policy	26.97	23.37	22.11	18.63	20.14	3.60	1.26
100/100 guarantee policy	25.80	22.43	21.30	18.02	19.54	3.37	1.13
PS1 75/75 guarantee policy	27.99	24.07	22.61	18.91	20.29	3.92	1.46
PS1 75/100 guarantee policy	27.10	23.38	22.04	18.50	19.91	3.72	1.34
PS1 100/100 guarantee policy	25.96	22.50	21.30	17.96	19.42	3.46	1.20
PS2 75/75 guarantee policy	35.28	29.61	27.16	22.18	23.22	5.67	2.45
PS2 75/100 guarantee policy	35.28	29.61	27.16	22.18	23.22	5.67	2.45
PS 75/75 guarantee policy	13.24	11.32	10.58	8.80	—	1.92	0.74
PS 75/100 guarantee policy	13.16	11.28	10.55	8.79	—	1.88	0.73
PPS 75/75 guarantee policy	13.51	11.48	10.67	—	—	2.03	0.81
PPS 75/100 guarantee policy	13.35	11.39	10.62	8.81	—	1.96	0.77

Global Equity Fund 2.05L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Global Equity Fund 2.05L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Global Equity Fund 2.05L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Global Equity Fund 2.05L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Putnam Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Global Equity Fund 2.05L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.14	3.14	3.15	3.16	3.15
75/75 guarantee policy	2.97	2.98	2.98	2.99	2.98
75/100 guarantee policy	3.14	3.15	3.15	3.15	3.14
100/100 guarantee policy	3.51	3.51	3.52	3.54	3.52
PS1 75/75 guarantee policy	2.40	2.41	2.41	2.41	2.40
PS1 75/100 guarantee policy	2.74	2.74	2.75	2.75	2.74
PS1 100/100 guarantee policy	3.19	3.19	3.19	3.20	3.19
PS 75/75 guarantee policy	1.87	1.86	1.86	1.85	—
PS 75/100 guarantee policy	2.03	2.02	2.03	2.02	—
PPS 75/75 guarantee policy	1.28	1.29	1.29	—	—
PPS 75/100 guarantee policy	1.62	1.62	1.63	1.62	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	45.05	62.68	37.74	56.42	74.08

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

CANADIAN EQUITY GROWTH SECTORS FUND 2.86L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Equity Growth Sectors Fund 2.86L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Equity Growth Sectors Fund 2.86L

(in Canadian \$ thousands)

Fund Manager: Connor, Clark & Lunn Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,159	\$ 195
Investment income due and accrued	418	194
Due from The Canada Life Assurance Company (note 7)	70	—
Due from brokers	32	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	197,204	89,525
Investment fund units	—	—
Total investments	197,204	89,525
Total assets	\$ 198,883	\$ 89,914
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	35
Due to brokers	—	40
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	75
Net assets attributable to contractholders	\$ 198,883	\$ 89,839

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 23,752	\$ 11,468
Miscellaneous income (loss)	26	13
Total income	23,778	11,481
Expenses		
Management fees (note 7)	2,323	2,033
Transaction costs	87	87
Withholding taxes	2	1
Other	267	236
Total expenses	2,679	2,357
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 21,099	\$ 9,124

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 89,839	\$ 94,430
Contractholder deposits	103,697	2,188
Contractholder withdrawals	(15,752)	(15,903)
Increase (decrease) in net assets from operations attributable to contractholders	21,099	9,124
Change in net assets attributable to contractholders	109,044	(4,591)
Net assets attributable to contractholders - end of year	\$ 198,883	\$ 89,839

Canadian Equity Growth Sectors Fund 2.86L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 21,099	\$ 9,124
Adjustments		
Realized (gains) losses	(13,243)	(3,076)
Unrealized (gains) losses	(8,030)	(5,951)
Gross proceeds of disposition of investments	55,335	66,049
Gross payments for the purchase of investments	(141,741)	(52,556)
Change in investment income due and accrued	(224)	(20)
Change in due from/to The Canada Life Assurance Company	(105)	(51)
Change in due from/to brokers	(72)	(79)
	<u>(86,981)</u>	13,440
Financing Activities		
Contractholder deposits	103,697	2,188
Contractholder withdrawals	(15,752)	(15,903)
	<u>87,945</u>	(13,715)
Net increase (decrease) in cash, short-term deposits and overdrafts	964	(275)
Cash, short-term deposits and overdrafts, beginning of year	<u>195</u>	470
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ 1,159</u></u>	<u><u>\$ 195</u></u>
Supplementary cash flow information		
Dividend income received	\$ 2,255	\$ 2,419

Canadian Equity Growth Sectors Fund 2.86L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Cineplex Inc.	20,900	254	284
Rogers Communications Inc. Class B non-voting	42,600	2,533	2,566
Shaw Communications Inc. Class B non-voting	39,200	1,232	1,505
TELUS Corp.	82,300	2,248	2,452
TELUS International Inc.	24,800	944	1,037
Consumer Discretionary			
Aritzia Inc.	9,600	370	503
AutoCanada Inc.	8,200	253	350
BRP Inc.	8,700	739	964
Canada Goose Holdings Inc.	5,800	295	272
Dollarama Inc.	17,500	947	1,108
Linamar Corp.	7,300	421	547
Magna International Inc.	26,500	2,182	2,712
Park Lawn Corp.	22,900	798	950
Pet Valu Holdings Ltd.	30,400	872	1,097
Restaurant Brands International Inc.	24,500	1,864	1,879
Taiga Motors Corp.	9,539	159	59
Taiga Motors Corp. Warrants 12-31-2026	2,069	-	2
Uni-Select Inc.	30,100	751	775
Consumer Staples			
Alimentation Couche-Tard Inc.	40,640	1,953	2,154
Empire Co. Ltd. Class A non-voting	10,800	417	416
George Weston Ltd.	13,000	1,693	1,907
Loblaw Companies Ltd.	6,500	549	674
Maple Leaf Foods Inc.	22,500	664	658
Premium Brands Holdings Corp.	7,700	888	974
Energy			
AltaGas Ltd.	22,500	585	614
ARC Resources Ltd.	140,900	1,457	1,620
Cameco Corp. [CAD]	31,500	885	869
Canadian Natural Resources Ltd.	57,900	2,312	3,095
Cenovus Energy Inc.	38,900	571	603
Crescent Point Energy Corp.	145,400	844	981
Enbridge Inc. [CAD]	37,094	1,775	1,833

Canadian Equity Growth Sectors Fund 2.86L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Energy (continued)			
Gibson Energy Inc.	27,100	561	608
Headwater Exploration Inc.	45,000	220	232
Imperial Oil Ltd.	12,100	431	552
Keyera Corp.	17,400	489	496
MEG Energy Corp.	55,900	545	654
Parex Resources Inc.	24,948	483	539
Pembina Pipeline Corp.	15,300	582	587
Secure Energy Services Inc.	54,300	265	286
Suncor Energy Inc.	90,200	2,491	2,855
TC Energy Corp.	52,638	3,117	3,097
Tourmaline Oil Corp.	38,500	1,162	1,572
Financials			
Bank of Montreal	47,518	5,241	6,471
Brookfield Asset Management Inc.	68,825	3,813	5,258
Canadian Imperial Bank of Commerce	25,500	3,158	3,760
Canadian Western Bank	21,700	675	788
CI Financial Corp.	35,900	890	949
Definity Financial Corp.	52,100	1,290	1,539
Element Fleet Management Corp.	87,500	827	1,127
Equitable Group Inc.	6,400	360	441
goeasy Ltd.	3,700	617	663
Home Capital Group Inc.	9,100	344	356
iA Financial Corp. Inc.	32,900	2,140	2,381
Intact Financial Corp.	13,200	1,854	2,170
Manulife Financial Corp.	26,000	603	627
National Bank of Canada	13,800	1,102	1,331
Nuvei Corp.	11,600	724	951
Onex Corp. sub. voting	5,000	478	496
Royal Bank of Canada	98,902	10,407	13,279
Sun Life Financial Inc.	51,500	3,114	3,626
The Bank of Nova Scotia	72,500	5,444	6,492
The Toronto-Dominion Bank	121,400	9,265	11,774
Thomson Reuters Corp.	15,725	1,937	2,379
TMX Group Ltd.	2,300	242	295
Trisura Group Ltd.	18,580	630	886

Canadian Equity Growth Sectors Fund 2.86L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Health Care			
Jamieson Wellness Inc.	19,100	743	767
Neighbourly Pharmacy Inc.	32,409	1,008	1,294
Industrials			
ATS Automation Tooling Systems Inc.	25,100	913	1,261
Bombardier Inc. Class B sub. voting	375,100	608	630
Boyd Group Services Inc.	300	65	60
CAE Inc.	32,300	1,015	1,031
Canadian National Railway Co.	33,509	4,520	5,207
Canadian Pacific Railway Ltd.	67,410	5,339	6,133
Cargojet Inc.	6,400	1,086	1,066
Finning International Inc.	32,700	894	1,042
GFL Environmental Inc.	27,400	1,236	1,311
NFI Group Inc.	4,200	103	85
SNC-Lavalin Group Inc.	23,100	711	714
Stantec Inc.	11,200	647	796
TFI International Inc.	9,800	936	1,390
Toromont Industries Ltd.	4,000	349	457
Waste Connections Inc.	18,855	2,781	3,251
WSP Global Inc.	8,400	1,116	1,542
Information Technology			
CGI Group Inc. Class A sub. voting	3,300	368	369
Constellation Software Inc.	1,700	2,772	3,990
Dye & Durham Ltd.	16,600	711	745
Kinaxis Inc.	4,000	743	709
Lightspeed Commerce Inc.	5,000	387	255
Shopify Inc. [CAD]	7,000	7,513	12,193
The Descartes Systems Group Inc.	10,989	898	1,150
Topicus.com Inc.	1,373	100	159
Materials			
Agnico Eagle Mines Ltd.	22,700	1,534	1,525
Barrick Gold Corp.	115,700	2,829	2,783
CCL Industries Inc. Class B non-voting	12,300	789	834
First Quantum Minerals Ltd.	65,000	1,327	1,968
Franco-Nevada Corp. [CAD]	15,705	2,137	2,747

Canadian Equity Growth Sectors Fund 2.86L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Materials (continued)			
Ivanhoe Mines Ltd.	78,300	611	808
Kinross Gold Corp.	132,900	1,106	975
Labrador Iron Ore Royalty Corp.	9,800	306	368
Methanex Corp.	8,400	457	420
Nutrien Ltd. [CAD]	47,701	3,585	4,535
Pan American Silver Corp.	24,400	868	770
Teck Resources Ltd. Class B	39,000	1,071	1,421
West Fraser Timber Co. Ltd.	12,100	990	1,460
Wheaton Precious Metals Corp.	38,600	1,981	2,095
Real Estate			
Canadian Apartment Properties REIT	38,000	2,045	2,278
Chartwell Retirement Residences REIT	16,000	182	189
Colliers International Group Inc.	4,200	687	791
Granite REIT Holdings LP	3,700	326	390
H&R REIT	9,100	148	148
InterRent REIT	10,900	184	189
Minto Apartment REIT	30,700	650	672
Utilities			
Boralex Inc. Class A	26,400	885	916
Brookfield Infrastructure Corp.	12,800	1,010	1,105
Brookfield Renewable Corp.	7,500	361	349
Northland Power Inc.	20,100	701	763
TransAlta Corp.	57,600	777	809
Total Canadian Common Stock		162,065	193,892
United States Common Stock			
Materials			
Newmont Corp. [CAD]	5,000	334	392
Total United States Common Stock		334	392
Global Common Stock			
Bermuda			
Brookfield Asset Management Reinsurance Partners Ltd. Class A	11,835	847	940

Canadian Equity Growth Sectors Fund 2.86L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Bermuda (continued)			
Brookfield Business Partners LP [CAD]	3,900	211	226
Brookfield Infrastructure Partners LP Partnership Units	22,782	1,606	1,754
Total Global Common Stock		2,664	2,920
Total Stocks		165,063	197,204
Transaction Costs (see notes to financial statements (note 2))		(120)	
Total Investments		164,943	197,204

Canadian Equity Growth Sectors Fund 2.86L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Equity Growth Sectors Fund 2.86L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 18	\$ 18	\$ —
Total	\$ —	\$ 18	\$ 18	\$ —
As Percent of Net Assets Attributable to Contractholders				—%

*Includes both monetary and non-monetary instruments

Canadian Equity Growth Sectors Fund 2.86L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 19	\$ 19	\$ —
Total	\$ —	\$ 19	\$ 19	\$ —
As Percent of Net Assets Attributable to Contractholders				—%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$1,972 (\$895 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 197,204	\$ —	\$ —	\$ 197,204
Total assets measured at fair value	\$ 197,204	\$ —	\$ —	\$ 197,204

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 88,991	\$ 534	\$ —	\$ 89,525
Total assets measured at fair value	\$ 88,991	\$ 534	\$ —	\$ 89,525

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 1 (Level 2 at December 31, 2020).

Canadian Equity Growth Sectors Fund 2.86L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	7,975,460	150	—	—	—	103,837	2	—	—	—
Individual	701,080	822,903	978,016	1,211,582	1,534,930	26,030	24,837	26,577	27,270	39,539
75/75 guarantee policy	388,391	478,663	527,178	598,899	607,839	9,702	9,704	9,606	9,024	10,464
75/100 guarantee policy	1,161,365	1,332,595	1,566,846	1,704,232	1,858,088	28,410	26,501	28,054	25,274	31,536
100/100 guarantee policy	35,937	52,053	59,900	66,025	80,856	842	995	1,035	949	1,334
PS1 75/75 guarantee policy	167,271	155,299	177,407	215,191	221,269	4,322	3,241	3,313	3,308	3,869
PS1 75/100 guarantee policy	689,212	719,156	852,672	972,796	1,021,598	17,428	14,724	15,656	14,735	17,639
PS1 100/100 guarantee policy	7,807	11,212	13,442	16,414	17,716	191	223	241	243	300
PS2 75/75 guarantee policy	63,211	72,729	96,044	99,724	120,119	2,070	1,877	2,165	1,805	2,413
PS2 75/100 guarantee policy	139,364	188,371	211,872	241,666	245,060	4,564	4,863	4,775	4,375	4,923
PS2 100/100 guarantee policy	9,177	16,085	16,367	16,641	23,558	301	415	369	301	473
PS 75/75 guarantee policy	10,409	4,199	4,238	5,286	—	153	50	44	45	—
PS 75/100 guarantee policy	44,552	40,085	37,266	1,108	—	651	471	390	9	—
PPS 75/75 guarantee policy	15,890	11,201	12,087	10,140	—	237	134	128	87	—
PPS 75/100 guarantee policy	9,800	2,525	2,741	877	—	145	30	29	8	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	13.02	10.27	—	—	—	2.75	0.27
Individual	37.13	30.18	27.17	22.51	25.76	6.95	3.01
75/75 guarantee policy	24.98	20.27	18.22	15.07	17.22	4.71	2.05
75/100 guarantee policy	24.46	19.89	17.90	14.83	16.97	4.57	1.99
100/100 guarantee policy	23.44	19.12	17.28	14.37	16.50	4.32	1.84
PS1 75/75 guarantee policy	25.84	20.87	18.68	15.37	17.48	4.97	2.19
PS1 75/100 guarantee policy	25.29	20.47	18.36	15.15	17.27	4.82	2.11
PS1 100/100 guarantee policy	24.48	19.89	17.90	14.81	16.94	4.59	1.99
PS2 75/75 guarantee policy	32.75	25.81	22.54	18.10	20.09	6.94	3.27
PS2 75/100 guarantee policy	32.75	25.82	22.54	18.10	20.09	6.93	3.28
PS2 100/100 guarantee policy	32.75	25.82	22.54	18.10	20.09	6.93	3.28
PS 75/75 guarantee policy	14.70	11.79	10.48	8.57	—	2.91	1.31
PS 75/100 guarantee policy	14.61	11.75	10.46	8.57	—	2.86	1.29
PPS 75/75 guarantee policy	14.93	11.93	10.55	8.59	—	3.00	1.38
PPS 75/100 guarantee policy	14.82	11.86	10.52	8.58	—	2.96	1.34

Canadian Equity Growth Sectors Fund 2.86L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Equity Growth Sectors Fund 2.86L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Growth Sectors Fund 2.86L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Growth Sectors Fund 2.86L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Equity Growth Sectors Fund 2.86L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Equity Growth Sectors Fund 2.86L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Growth Sectors Fund 2.86L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Canadian Equity Growth Sectors Fund 2.86L

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Equity Growth Sectors Fund 2.86L

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Canadian Equity Growth Sectors Fund 2.86L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.08	3.08	3.08	3.10	3.09
75/75 guarantee policy	2.91	2.91	2.91	2.93	2.92
75/100 guarantee policy	3.07	3.08	3.08	3.10	3.09
100/100 guarantee policy	3.45	3.45	3.45	3.47	3.46
PS1 75/75 guarantee policy	2.45	2.46	2.46	2.47	2.46
PS1 75/100 guarantee policy	2.67	2.68	2.68	2.69	2.69
PS1 100/100 guarantee policy	3.01	3.02	3.02	3.03	3.02
PS 75/75 guarantee policy	1.78	1.79	1.79	1.79	—
PS 75/100 guarantee policy	1.96	1.96	1.96	1.96	—
PPS 75/75 guarantee policy	1.33	1.34	1.34	1.34	—
PPS 75/100 guarantee policy	1.55	1.56	1.56	1.56	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	53.96	61.99	49.97	66.23	57.56

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
U.S. GROWTH SECTORS FUND 2.87L

December 31, 2021

Independent Auditor's Report

To the Contractholders of U.S. Growth Sectors Fund 2.87L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

U.S. Growth Sectors Fund 2.87L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 927	\$ 873
Investment income due and accrued	26	39
Due from The Canada Life Assurance Company (note 7)	36	9
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	54,436	40,372
Investment fund units	—	—
Total investments	54,436	40,372
Total assets	\$ 55,425	\$ 41,293
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	110	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	110	—
Net assets attributable to contractholders	\$ 55,315	\$ 41,293

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 12,302	\$ 6,165
Miscellaneous income (loss)	(1)	(23)
Total income	12,301	6,142
Expenses		
Management fees (note 7)	1,223	922
Transaction costs	25	27
Withholding taxes	70	78
Other	146	111
Total expenses	1,464	1,138
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 10,837	\$ 5,004

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 41,293	\$ 41,060
Contractholder deposits	11,464	242
Contractholder withdrawals	(8,279)	(5,013)
Increase (decrease) in net assets from operations attributable to contractholders	10,837	5,004
Change in net assets attributable to contractholders	14,022	233
Net assets attributable to contractholders - end of year	\$ 55,315	\$ 41,293

U.S. Growth Sectors Fund 2.87L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 10,837	\$ 5,004
Adjustments		
Realized (gains) losses	(14,082)	(2,945)
Unrealized (gains) losses	2,300	(2,680)
Gross proceeds of disposition of investments	71,051	31,035
Gross payments for the purchase of investments	(73,333)	(25,274)
Change in investment income due and accrued	13	(11)
Change in due from/to The Canada Life Assurance Company	(27)	(85)
Change in due from/to brokers	110	—
	<u>(3,131)</u>	5,044
Financing Activities		
Contractholder deposits	11,464	242
Contractholder withdrawals	(8,279)	(5,013)
	<u>3,185</u>	(4,771)
Net increase (decrease) in cash, short-term deposits and overdrafts	54	273
Cash, short-term deposits and overdrafts, beginning of year	873	600
Cash, short-term deposits and overdrafts, end of year	\$ 927	\$ 873
Supplementary cash flow information		
Dividend income received	\$ 533	\$ 528

U.S. Growth Sectors Fund 2.87L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Consumer Discretionary			
Bright Horizons Family Solutions Inc.	13,528	2,412	2,154
Carter's Inc.	17,430	2,051	2,232
Frontdoor Inc.	49,447	3,064	2,293
Polo Ralph Lauren Corp. Class A	11,909	1,619	1,791
Financials			
First Republic Bank	3,566	683	932
Markel Corp.	1,155	1,522	1,803
Signature Bank	3,508	636	1,435
The Progressive Corp.	18,130	2,156	2,354
Health Care			
Amedisys Inc.	4,026	823	824
Dentsply Sirona Inc.	32,790	2,358	2,314
Premier Inc.	40,172	1,794	2,092
Syneos Health Inc.	16,983	1,532	2,206
Industrials			
A.O. Smith Corp.	13,695	950	1,487
CoStar Group Inc.	15,540	1,603	1,554
Equifax Inc.	4,167	992	1,543
Wabtec Corp.	20,585	1,965	2,399
Information Technology			
Akamai Technologies Inc.	18,499	2,445	2,738
Alteryx Inc.	23,309	2,126	1,784
Broadridge Financial Solutions Inc.	6,644	1,296	1,537
Cirrus Logic Inc.	22,247	2,278	2,590
Dolby Laboratories Inc.	12,287	1,445	1,480
Gartner Inc.	1,860	380	787
Keysight Technologies Inc.	8,774	1,495	2,292
MAXIMUS Inc.	21,852	2,156	2,202
Motorola Solutions Inc.	7,262	1,640	2,496
SS&C Technologies Holdings Inc.	22,608	1,960	2,345
Vontier Corp.	52,265	2,130	2,032
Total United States Common Stock		45,511	51,696

U.S. Growth Sectors Fund 2.87L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock			
Bermuda			
Genpact Ltd.	32,444	1,759	2,179
Ireland			
Allegion PLC	3,351	490	561
Total Global Common Stock		2,249	2,740
Total Stocks		47,760	54,436
Transaction Costs (see notes to financial statements (note 2))		(19)	
Total Investments		47,741	54,436

U.S. Growth Sectors Fund 2.87L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Growth Sectors Fund 2.87L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 54,436	\$ 912	\$ 55,348	\$ 553
Total	\$ 54,436	\$ 912	\$ 55,348	\$ 553
As Percent of Net Assets Attributable to Contractholders				100.1% 1.0%

*Includes both monetary and non-monetary instruments

U.S. Growth Sectors Fund 2.87L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 40,372	\$ 741	\$ 41,113	\$ 411
Total	\$ 40,372	\$ 741	\$ 41,113	\$ 411
As Percent of Net Assets Attributable to Contractholders			99.6%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$544 (\$404 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 54,436	\$ —	\$ —	\$ 54,436
Total assets measured at fair value	\$ 54,436	\$ —	\$ —	\$ 54,436

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 40,372	\$ —	\$ —	\$ 40,372
Total assets measured at fair value	\$ 40,372	\$ —	\$ —	\$ 40,372

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

U.S. Growth Sectors Fund 2.87L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	169,721	125,049	151,101	154,489	108,045	6,547	3,767	3,875	3,097	2,228
Individual	513,779	558,674	651,478	784,230	933,514	10,622	9,308	9,537	9,265	11,713
75/75 guarantee policy	126,704	115,702	125,382	122,921	106,528	5,099	3,740	3,549	2,798	2,568
75/100 guarantee policy	384,029	364,363	403,617	501,388	360,301	15,005	11,473	11,166	11,194	8,544
100/100 guarantee policy	14,404	14,971	19,766	24,550	24,992	535	450	524	528	573
PS1 75/75 guarantee policy	82,398	68,135	75,756	72,355	49,618	3,070	2,028	1,965	1,501	1,084
PS1 75/100 guarantee policy	324,492	288,204	334,078	429,771	235,486	11,766	8,374	8,481	8,754	5,066
PS1 100/100 guarantee policy	10,913	10,243	9,759	9,823	7,250	379	286	239	194	152
PS2 75/75 guarantee policy	11,115	6,496	10,484	11,955	5,737	519	237	325	290	143
PS2 75/100 guarantee policy	33,452	30,047	32,238	43,003	35,836	1,563	1,096	1,000	1,043	894
PS2 100/100 guarantee policy	619	2,843	—	—	—	29	104	—	—	—
PS 75/75 guarantee policy	7,017	8,115	10,542	6,512	—	112	103	116	57	—
PS 75/100 guarantee policy	3,927	2,290	4,689	260	—	62	29	51	2	—
PPS 75/75 guarantee policy	104	—	—	—	—	2	—	—	—	—
PPS 75/100 guarantee policy	280	258	—	—	—	5	3	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	38.58	30.12	25.64	20.05	20.63	8.46	4.48
Individual	20.67	16.66	14.64	11.81	12.55	4.01	2.02
75/75 guarantee policy	40.24	32.32	28.30	22.76	24.11	7.92	4.02
75/100 guarantee policy	39.07	31.49	27.67	22.33	23.71	7.58	3.82
100/100 guarantee policy	37.14	30.06	26.53	21.50	22.94	7.08	3.53
PS1 75/75 guarantee policy	37.25	29.77	25.93	20.75	21.85	7.48	3.84
PS1 75/100 guarantee policy	36.26	29.06	25.39	20.37	21.51	7.20	3.67
PS1 100/100 guarantee policy	34.73	27.95	24.53	19.77	20.97	6.78	3.42
PS2 75/75 guarantee policy	46.72	36.46	31.03	24.25	24.94	10.26	5.43
PS2 75/100 guarantee policy	46.72	36.46	31.03	24.25	24.94	10.26	5.43
PS2 100/100 guarantee policy	46.72	36.47	—	—	—	10.25	5.43
PS 75/75 guarantee policy	15.95	12.67	10.97	8.73	—	3.28	1.70
PS 75/100 guarantee policy	15.77	12.57	10.92	8.71	—	3.20	1.65
PPS 75/75 guarantee policy	16.24	—	—	—	—	3.41	—
PPS 75/100 guarantee policy	16.09	12.75	—	—	—	3.34	1.74

U.S. Growth Sectors Fund 2.87L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

U.S. Growth Sectors Fund 2.87L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Growth Sectors Fund 2.87L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Growth Sectors Fund 2.87L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S. Growth Sectors Fund 2.87L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Growth Sectors Fund 2.87L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

U.S. Growth Sectors Fund 2.87L

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

U.S. Growth Sectors Fund 2.87L

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

U.S. Growth Sectors Fund 2.87L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.20	3.20	3.22	3.23	3.21
75/75 guarantee policy	2.86	2.87	2.88	2.92	2.99
75/100 guarantee policy	3.19	3.20	3.22	3.22	3.21
100/100 guarantee policy	3.63	3.64	3.66	3.66	3.63
PS1 75/75 guarantee policy	2.34	2.35	2.36	2.36	2.36
PS1 75/100 guarantee policy	2.62	2.63	2.64	2.64	2.64
PS1 100/100 guarantee policy	3.07	3.08	3.09	3.09	3.09
PS 75/75 guarantee policy	1.74	1.75	1.75	1.75	—
PS 75/100 guarantee policy	2.07	2.09	2.09	2.08	—
PPS 75/75 guarantee policy	1.23	—	—	—	—
PPS 75/100 guarantee policy	1.51	1.51	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	142.40	67.30	75.35	89.29	126.08

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

U.S. EQUITY FUND

December 31, 2021

Independent Auditor's Report

To the Contractholders of U.S. Equity Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

U.S. Equity Fund

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 15,215	\$ 4,110
Investment income due and accrued	644	115
Due from The Canada Life Assurance Company (note 7)	—	122
Due from brokers	—	—
Due from outside parties	7	7
Investments		
Bonds	—	—
Stocks	1,002,820	589,601
Investment fund units	—	—
Total investments	1,002,820	589,601
Total assets	\$ 1,018,686	\$ 593,955
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	992	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	992	—
Net assets attributable to contractholders	\$ 1,017,694	\$ 593,955

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 277,162	\$ 52,460
Miscellaneous income (loss)	1,002	(1,617)
Total income	278,164	50,843
Expenses		
Management fees (note 7)	3,913	3,621
Transaction costs	338	242
Withholding taxes	1,028	732
Other	453	421
Total expenses	5,732	5,016
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 272,432	\$ 45,827

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 593,955	\$ 364,906
Contractholder deposits	361,819	262,278
Contractholder withdrawals	(210,512)	(79,056)
Increase (decrease) in net assets from operations attributable to contractholders	272,432	45,827
Change in net assets attributable to contractholders	423,739	229,049
Net assets attributable to contractholders - end of year	\$ 1,017,694	\$ 593,955

U.S. Equity Fund

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 272,432	\$ 45,827
Adjustments		
Realized (gains) losses	(117,029)	(23,760)
Unrealized (gains) losses	(151,600)	(23,797)
Gross proceeds of disposition of investments	1,027,483	332,533
Gross payments for the purchase of investments	(1,172,073)	(513,590)
Change in investment income due and accrued	(529)	(49)
Change in due from/to The Canada Life Assurance Company	1,114	(485)
	<u>(140,202)</u>	<u>(183,321)</u>
Financing Activities		
Contractholder deposits	361,819	262,278
Contractholder withdrawals	<u>(210,512)</u>	<u>(79,056)</u>
	151,307	183,222
Net increase (decrease) in cash, short-term deposits and overdrafts	11,105	(99)
Cash, short-term deposits and overdrafts, beginning of year	<u>4,110</u>	<u>4,209</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 15,215</u>	<u>\$ 4,110</u>
Supplementary cash flow information		
Dividend income received	\$ 7,989	\$ 4,852

U.S. Equity Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	11,357	23,214	41,621
Consumer Discretionary			
Amazon.com Inc.	4,427	14,923	18,673
Starbucks Corp.	134,140	19,750	19,849
Consumer Staples			
Costco Wholesale Corp.	28,335	16,674	20,349
PepsiCo Inc.	91,411	18,429	20,087
Exchange Traded Funds			
SPDR S&P 500 ETF TRUST	33,767	18,677	20,288
Financials			
CME Group Inc.	34,803	8,529	10,058
Moody's Corp.	59,093	24,312	29,197
Nasdaq Inc.	121,979	21,602	32,406
Signature Bank	65,588	15,236	26,838
SVB Financial Group	15,908	10,109	13,649
Health Care			
Charles River Laboratories International Inc.	47,730	20,027	22,750
Stryker Corp.	119,534	36,394	40,437
Thermo Fisher Scientific Inc.	36,427	24,222	30,747
Industrials			
Danaher Corp.	105,906	31,588	44,079
Equifax Inc.	111,020	29,213	41,120
Verisk Analytics Inc. Class A	34,163	8,383	9,885
Information Technology			
Adobe Inc.	26,275	11,916	18,848
Amphenol Corp. Class A	373,357	30,265	41,308
Autodesk Inc.	52,637	20,030	18,724
Automatic Data Processing Inc.	98,026	29,171	30,577
Keysight Technologies Inc.	180,531	31,287	47,162
Microsoft Corp.	139,092	35,097	59,177

U.S. Equity Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
United States Common Stock (continued)			
Information Technology (continued)			
ON Semiconductor Corp.	248,611	19,370	21,361
Roper Industries Inc.	25,784	13,441	16,043
Synopsys Inc.	86,006	27,002	40,093
Texas Instruments Inc.	68,277	14,655	16,279
Total United States Common Stock		573,516	751,605
Global Common Stock			
France			
Schneider Electric SA	124,781	23,592	30,968
Hong Kong			
Techtronic Industries Co. Ltd.	915,817	18,441	23,061
Ireland			
Accenture PLC Class A	103,777	33,930	54,422
Aon Corp.	116,378	31,804	44,249
Steris PLC	97,269	24,223	29,951
Trane Technologies PLC	144,826	28,603	37,014
Switzerland			
Alcon Inc. ADR	286,274	24,319	31,550
Total Global Common Stock		184,912	251,215
Total Stocks		758,428	1,002,820
Transaction Costs (see notes to financial statements (note 2))		(204)	
Total Investments		758,224	1,002,820

U.S. Equity Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Equity Fund (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

U.S. Equity Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 948,791	\$ 15,188	\$ 963,979	\$ 9,640
Other Currencies	54,029	—	54,029	540
Total	\$ 1,002,820	\$ 15,188	\$ 1,018,008	\$ 10,180
As Percent of Net Assets Attributable to Contractholders				100.0%
				1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 589,601	\$ 3,710	\$ 593,311	\$ 5,933
Total	\$ 589,601	\$ 3,710	\$ 593,311	\$ 5,933
As Percent of Net Assets Attributable to Contractholders				99.9%
				1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$10,028 (\$5,896 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

U.S. Equity Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,002,820	\$ —	\$ —	\$ 1,002,820
Total assets measured at fair value	\$ 1,002,820	\$ —	\$ —	\$ 1,002,820

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 589,601	\$ —	\$ —	\$ 589,601
Total assets measured at fair value	\$ 589,601	\$ —	\$ —	\$ 589,601

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

U.S. Equity Fund

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	518,027	563,931	604,586	697,457	730,909	88,641	73,493	68,855	65,185	67,354
Individual	688,383	796,854	925,289	1,118,013	1,318,076	52,262	47,447	49,582	50,630	60,619
75/75 guarantee policy	254,851	302,958	350,974	366,646	395,489	10,962	10,197	10,608	9,344	10,215
75/100 guarantee policy	885,398	1,032,539	1,203,689	1,358,115	1,375,769	37,241	34,061	35,734	34,074	35,054
100/100 guarantee policy	34,820	37,854	46,454	52,373	63,803	1,417	1,212	1,342	1,282	1,591
PS1 75/75 guarantee policy	160,684	147,070	156,795	165,032	169,312	6,364	4,537	4,324	3,820	3,953
PS1 75/100 guarantee policy	605,094	635,326	695,639	793,174	737,052	23,326	19,132	18,777	18,021	16,938
PS1 100/100 guarantee policy	13,041	12,775	13,358	17,849	13,369	484	372	350	395	301
PS2 75/75 guarantee policy	30,522	19,334	82,881	98,786	78,107	1,507	727	2,722	2,662	2,074
PS2 75/100 guarantee policy	55,204	75,772	97,150	121,303	84,353	2,726	2,849	3,191	3,269	2,240
PS2 100/100 guarantee policy	—	1,879	1,368	—	—	—	71	45	—	—
PS 75/75 guarantee policy	4,152	3,643	3,664	761	—	65	44	39	7	—
PS 75/100 guarantee policy	1,044	998	1,900	786	—	16	12	20	7	—
PPS 75/75 guarantee policy	1,823	4,762	3,550	—	—	29	58	38	—	—
PPS 75/100 guarantee policy	2,037	6,840	5,711	4,739	—	32	83	62	43	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	171.11	130.32	113.89	93.46	92.15	40.79	16.43
Individual	75.92	59.54	53.59	45.29	45.99	16.38	5.95
75/75 guarantee policy	43.01	33.66	30.22	25.49	25.83	9.35	3.44
75/100 guarantee policy	42.06	32.99	29.69	25.09	25.48	9.07	3.30
100/100 guarantee policy	40.70	32.01	28.89	24.48	24.93	8.69	3.12
PS1 75/75 guarantee policy	39.60	30.85	27.57	23.15	23.35	8.75	3.28
PS1 75/100 guarantee policy	38.55	30.11	26.99	22.72	22.98	8.44	3.12
PS1 100/100 guarantee policy	37.12	29.11	26.20	22.14	22.48	8.01	2.91
PS2 75/75 guarantee policy	49.39	37.60	32.85	26.95	26.56	11.79	4.75
PS2 75/100 guarantee policy	49.39	37.60	32.85	26.95	26.56	11.79	4.75
PS2 100/100 guarantee policy	—	37.60	32.85	—	—	—	4.75
PS 75/75 guarantee policy	15.68	12.13	10.77	8.98	—	3.55	1.36
PS 75/100 guarantee policy	15.55	12.06	10.74	8.97	—	3.49	1.32
PPS 75/75 guarantee policy	15.93	12.27	10.84	—	—	3.66	1.43
PPS 75/100 guarantee policy	15.77	12.18	10.80	8.99	—	3.59	1.38

U.S. Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

U.S. Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

U.S. Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

U.S. Equity Fund

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.97	2.98	2.98	3.00	2.99
75/75 guarantee policy	2.75	2.75	2.76	2.79	2.81
75/100 guarantee policy	2.97	2.98	2.98	2.99	2.98
100/100 guarantee policy	3.25	3.26	3.26	3.28	3.27
PS1 75/75 guarantee policy	2.29	2.29	2.30	2.31	2.30
PS1 75/100 guarantee policy	2.57	2.57	2.58	2.59	2.58
PS1 100/100 guarantee policy	2.96	2.97	2.97	2.98	2.99
PS 75/75 guarantee policy	1.63	1.63	1.62	1.63	—
PS 75/100 guarantee policy	1.86	1.87	1.86	1.86	—
PPS 75/75 guarantee policy	1.17	1.17	1.18	—	—
PPS 75/100 guarantee policy	1.46	1.45	1.46	1.46	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	116.92	88.51	79.61	87.77	137.63

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
U.S. VALUE EQUITY FUND (S178) 4.11L

December 31, 2021

Independent Auditor's Report

To the Contractholders of U.S. Value Equity Fund (S178) 4.11L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

U.S. Value Equity Fund (S178) 4.11L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 11,229	\$ 22,595
Investment income due and accrued	835	1,665
Due from The Canada Life Assurance Company (note 7)	—	287
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	801,205	850,241
Investment fund units	—	—
Total investments	801,205	850,241
Total assets	\$ 813,269	\$ 874,788
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	89	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	89	—
Net assets attributable to contractholders	\$ 813,180	\$ 874,788

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 204,933	\$ (28,445)
Miscellaneous income (loss)	1,087	(106)
Total income	206,020	(28,551)
Expenses		
Management fees (note 7)	320	269
Transaction costs	677	2,318
Withholding taxes	2,368	4,971
Other	38	32
Total expenses	3,403	7,590
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 202,617	\$ (36,141)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 874,788	\$ 955,516
Contractholder deposits	23,447	157,246
Contractholder withdrawals	(287,672)	(201,833)
Increase (decrease) in net assets from operations attributable to contractholders	202,617	(36,141)
Change in net assets attributable to contractholders	(61,608)	(80,728)
Net assets attributable to contractholders - end of year	\$ 813,180	\$ 874,788

U.S. Value Equity Fund (S178) 4.11L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 202,617	\$ (36,141)
Adjustments		
Realized (gains) losses	(187,573)	50,117
Unrealized (gains) losses	(245)	7,934
Gross proceeds of disposition of investments	1,581,997	989,925
Gross payments for the purchase of investments	(1,345,143)	(952,844)
Change in investment income due and accrued	830	(300)
Change in due from/to The Canada Life Assurance Company	376	(179)
	252,859	58,512
Financing Activities		
Contractholder deposits	23,447	157,246
Contractholder withdrawals	(287,672)	(201,833)
	(264,225)	(44,587)
Net increase (decrease) in cash, short-term deposits and overdrafts	(11,366)	13,925
Cash, short-term deposits and overdrafts, beginning of year	22,595	8,670
Cash, short-term deposits and overdrafts, end of year	\$ 11,229	\$ 22,595
Supplementary cash flow information		
Dividend income received	\$ 17,938	\$ 29,300

U.S. Value Equity Fund (S178) 4.11L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
Activision Blizzard Inc.	5,700	473	480
Alphabet Inc. Class A	1,934	5,869	7,088
Altice USA Inc.	80,100	1,650	1,639
AT&T Inc.	148,358	5,812	4,617
Charter Communications Inc.	2,311	1,902	1,906
Comcast Corp. Class A	165,772	9,355	10,554
Meta Platforms Inc.	14,800	6,076	6,297
News Corp. Class A	118,300	3,818	3,339
Omnicom Group Inc.	38,700	3,355	3,587
Pinterest Inc.	33,900	1,617	1,559
The Walt Disney Co.	39,600	8,626	7,759
Consumer Discretionary			
AutoZone Inc.	2,787	5,884	7,391
Booking Holdings Inc.	659	2,045	2,000
Dillard's Inc.	4,702	1,790	1,457
Expedia Group Inc.	32,200	6,680	7,361
Ford Motor Co.	401,700	6,174	10,554
Kohl's Corp.	66,987	4,693	4,185
Live Nation Entertainment Inc.	17,000	1,960	2,574
Nike Inc. Class B	46,350	8,992	9,772
Penske Automotive Group Inc.	32,700	3,083	4,435
Polo Ralph Lauren Corp. Class A	16,100	2,471	2,421
PVH Corp.	22,300	2,704	3,009
Qurate Retail Inc.	171,400	1,668	1,648
Starbucks Corp.	7,800	1,148	1,154
Target Corp.	7,800	2,435	2,284
The Home Depot Inc.	902	466	474
Travel + Leisure Co.	40,850	3,074	2,856
Consumer Staples			
Albertsons Companies Inc.	16,500	630	630
Altria Group Inc.	149,232	8,232	8,946
BJ's Wholesale Club Holdings Inc.	68,652	3,269	5,816
Costco Wholesale Corp.	17,355	8,223	12,464
Coty Inc. Class A	478,900	4,960	6,361
CVS Health Corp.	99,693	8,573	13,010

U.S. Value Equity Fund (S178) 4.11L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Consumer Staples (continued)			
Philip Morris International Inc.	106,730	10,990	12,827
Post Holdings Inc.	12,800	1,767	1,825
The Coca-Cola Co.	63,300	4,637	4,741
The Estee Lauder Companies Inc. Class A	18,617	6,970	8,719
The Procter & Gamble Co.	56,900	10,342	11,774
Walmart Inc.	80,000	14,726	14,644
Energy			
Chevron Corp.	5,300	783	787
EQT Corp.	233,307	4,685	6,437
Exxon Mobil Corp.	234,800	13,002	18,176
NOV Inc.	93,400	1,628	1,601
Ovintiv Inc.	72,000	2,295	3,069
Targa Resources Corp.	84,600	5,090	5,591
Financials			
Affiliated Managers Group Inc.	14,800	1,895	3,080
American Express Co.	35,800	7,795	7,409
American International Group Inc.	8,200	581	590
Bank of America Corp.	261,906	7,318	14,740
Berkshire Hathaway Inc. Class B	29,979	8,824	11,339
Capital One Financial Corp.	10,600	2,008	1,946
Citigroup Inc.	151,700	11,929	11,589
East West Bancorp Inc.	34,600	3,561	3,444
Evercore Inc.	6,300	1,140	1,083
First Horizon National Corp.	111,900	2,319	2,312
JPMorgan Chase & Co.	26,419	4,297	5,292
Lincoln National Corp.	6,400	589	553
Marsh & McLennan Companies Inc.	39,500	7,471	8,686
MetLife Inc.	4,673	254	369
MSCI Inc. Class A	5,548	4,416	4,300
OneMain Holdings Inc.	72,136	4,771	4,566
S&P Global Inc.	10,049	5,015	5,999
Synchrony Financial	130,300	5,724	7,647
Synovus Financial Corp.	90,700	4,601	5,492
The Allstate Corp.	53,800	7,356	8,007
The Hartford Financial Services Group Inc.	46,100	4,201	4,026

U.S. Value Equity Fund (S178) 4.11L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Financials (continued)			
Unum Group	169,072	3,923	5,255
Wells Fargo & Co.	184,500	7,150	11,198
Health Care			
Agilent Technologies Inc.	13,900	2,642	2,807
BioMarin Pharmaceutical Inc.	15,500	1,604	1,732
Bruker Corp.	44,800	4,490	4,755
Centene Corp.	21,800	2,221	2,272
Eli Lilly and Co.	20,513	6,018	7,168
Encompass Health Corp.	9,400	775	776
Gilead Sciences Inc.	48,600	4,012	4,464
HCA Healthcare Inc.	25,863	5,439	8,406
Johnson & Johnson Inc.	60,200	12,136	13,028
McKesson Corp.	28,665	5,212	9,014
Merck & Co. Inc.	24,700	2,410	2,395
Pfizer Inc.	77,600	5,322	5,797
Regeneron Pharmaceuticals Inc.	938	573	749
Sage Therapeutics Inc.	36,300	3,054	1,953
Seagen Inc.	13,800	2,640	2,699
United Therapeutics Corp.	2,200	511	601
UnitedHealth Group Inc.	27,774	12,192	17,644
Universal Health Services Inc. Class B	35,900	6,178	5,888
Zoetis Inc.	16,100	3,987	4,970
Industrials			
Air Lease Corp.	75,900	4,499	4,247
Alaska Air Group Inc.	49,900	3,344	3,289
AMERCO	4,713	3,970	4,330
Caterpillar Inc.	34,400	9,126	8,997
CSX Corp.	25,000	1,095	1,189
Cummins Inc.	6,980	1,419	1,926
Deere & Co.	17,600	6,094	7,634
Equifax Inc.	4,496	1,629	1,665
Flowserve Corp.	19,800	777	766
General Electric Co.	13,525	1,735	1,616
Honeywell International Inc.	990	263	261
Huntington Ingalls Industries Inc.	21,843	5,556	5,160

U.S. Value Equity Fund (S178) 4.11L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Industrials (continued)			
Kirby Corp.	52,000	3,853	3,909
Lennox International Inc.	4,718	1,991	1,936
Manpower Inc.	38,700	4,531	4,765
Mercury Systems Inc.	13,533	910	943
Norfolk Southern Corp.	2,900	1,034	1,092
Old Dominion Freight Line Inc.	571	247	259
Oshkosh Corp.	20,000	2,625	2,852
Raytheon Technologies Corp.	6,400	684	697
Ryder System Inc.	45,600	3,711	4,755
Snap-On Inc.	7,600	2,104	2,071
Stanley Black & Decker Inc.	31,200	6,988	7,445
Textron Inc.	32,500	3,171	3,174
United Parcel Service Inc. (UPS) Class B	32,900	6,919	8,921
United Rentals Inc.	15,442	6,666	6,491
Information Technology			
Applied Materials Inc.	35,500	4,182	7,067
Arista Networks Inc.	17,100	2,045	3,110
Broadcom Inc.	13,598	5,519	11,446
Cisco Systems Inc.	122,796	7,339	9,844
Hewlett-Packard Enterprise Co.	394,861	7,421	7,877
IBM Corp.	5,100	871	862
Intel Corp.	128,400	8,505	8,365
Kyndryl Holdings Inc.	249,700	5,720	5,717
Loyalty Ventures Inc.	12,320	800	469
Manhattan Associates Inc.	17,900	3,170	3,521
Microsoft Corp.	4,100	1,695	1,744
Oracle Corp.	62,000	4,934	6,840
Silicon Laboratories Inc.	3,100	779	809
Teradyne Inc.	30,200	6,018	6,247
Texas Instruments Inc.	10,200	2,433	2,432
Visa Inc. Class A	54,024	15,130	14,811
Materials			
Avery Dennison Corp.	4,992	1,389	1,368
Corteva Inc.	34,000	1,845	2,034
DuPont de Nemours Inc.	17,400	1,797	1,778

U.S. Value Equity Fund (S178) 4.11L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Materials (continued)			
Louisiana-Pacific Corp.	11,900	1,056	1,179
Olin Corp.	56,200	3,246	4,089
PPG Industries Inc.	1,700	356	371
Reliance Steel & Aluminum Co.	26,900	4,866	5,520
The Sherwin-Williams Co.	5,540	2,488	2,468
Westlake Chemical Corp.	5,300	594	651
WestRock Co.	22,338	1,088	1,254
Real Estate			
CBRE Group Inc. Class A	1,800	228	247
Extra Space Storage Inc. REIT	25,721	5,657	7,377
Lamar Advertising Co. REIT	32,800	4,833	5,033
Life Storage Inc. REIT	16,800	1,994	3,255
ProLogis Inc. REIT	44,100	7,578	9,392
Public Storage REIT	17,452	5,764	8,269
Simon Property Group Inc.	37,100	5,893	7,498
Utilities			
Duke Energy Corp.	62,600	7,110	8,307
Exelon Corp.	129,200	8,045	9,440
FirstEnergy Corp.	106,500	5,190	5,603
National Fuel Gas Co.	43,600	2,326	3,527
NRG Energy Inc.	23,400	1,071	1,275
PPL Corp.	208,152	8,223	7,915
Southern Co.	112,300	8,488	9,743
The AES Corp.	224,781	4,475	6,910
Total United States Common Stock		660,278	771,912
Global Common Stock			
Bermuda			
Essent Group Ltd.	45,108	2,560	2,598
British Virgin Islands			
Capri Holdings Ltd.	54,900	3,418	4,508

U.S. Value Equity Fund (S178) 4.11L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Global Common Stock (continued)			
Ireland			
Johnson Controls International PLC	19,753	1,176	2,032
Medtronic Co. PLC	90,800	13,410	11,883
Panama			
Carnival Corp.	59,500	1,614	1,514
Puerto Rico			
Popular Inc.	50,800	4,664	5,272
Switzerland			
CRISPR Therapeutics AG	15,500	1,630	1,486
Total Global Common Stock		28,472	29,293
Total Stocks		688,750	801,205
Transaction Costs (see notes to financial statements (note 2))		(521)	
Total Investments		688,229	801,205

U.S. Value Equity Fund (S178) 4.11L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Value Equity Fund (S178) 4.11L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 801,205	\$ 11,026	\$ 812,231	\$ 8,122
Total	\$ 801,205	\$ 11,026	\$ 812,231	\$ 8,122
As Percent of Net Assets Attributable to Contractholders				99.9% 1.0%

*Includes both monetary and non-monetary instruments

U.S. Value Equity Fund (S178) 4.11L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 850,241	\$ 21,888	\$ 872,129	\$ 8,721
Total	\$ 850,241	\$ 21,888	\$ 872,129	\$ 8,721
As Percent of Net Assets Attributable to Contractholders			99.7%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$8,012 (\$8,502 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 801,205	\$ —	\$ —	\$ 801,205
Total assets measured at fair value	\$ 801,205	\$ —	\$ —	\$ 801,205

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 850,241	\$ —	\$ —	\$ 850,241
Total assets measured at fair value	\$ 850,241	\$ —	\$ —	\$ 850,241

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

U.S. Value Equity Fund (\$178) 4.11L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	309,714	400,394	451,351	771,606	890,786	9,883	10,022	11,942	17,878	21,247
75/75 guarantee policy	71,277	71,175	82,210	78,146	61,421	979	788	989	846	704
75/100 guarantee policy	286,864	273,516	359,057	434,651	417,999	3,887	2,994	4,279	4,672	4,765
100/100 guarantee policy	15,649	13,178	13,615	18,289	16,051	208	142	160	194	181
PS1 75/75 guarantee policy	41,212	52,074	59,566	48,964	34,438	586	594	734	541	401
PS1 75/100 guarantee policy	207,382	203,720	254,079	262,003	223,284	2,890	2,284	3,089	2,862	2,576
PS1 100/100 guarantee policy	4,686	4,759	3,645	3,761	4,644	64	52	43	40	53
PS2 75/75 guarantee policy	12,178	6,860	8,602	12,868	6,089	203	90	119	156	76
PS2 75/100 guarantee policy	25,902	19,127	10,814	19,520	8,568	432	250	149	236	107
PS 75/100 guarantee policy	5,080	421	423	426	—	61	4	4	4	—
PPS 75/100 guarantee policy	7,991	8,039	12,493	6,730	—	97	77	129	62	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	31.91	25.03	26.46	23.17	23.85	6.88	(1.43)
75/75 guarantee policy	13.74	11.07	12.03	10.83	11.46	2.67	(0.96)
75/100 guarantee policy	13.55	10.95	11.92	10.75	11.40	2.60	(0.97)
100/100 guarantee policy	13.29	10.76	11.75	10.63	11.31	2.53	(0.99)
PS1 75/75 guarantee policy	14.21	11.40	12.33	11.04	11.63	2.81	(0.93)
PS1 75/100 guarantee policy	13.93	11.21	12.16	10.92	11.54	2.72	(0.95)
PS1 100/100 guarantee policy	13.56	10.95	11.92	10.75	11.40	2.61	(0.97)
PS2 75/75 guarantee policy	16.68	13.08	13.82	12.10	12.45	3.60	(0.74)
PS2 75/100 guarantee policy	16.68	13.08	13.82	12.10	12.45	3.60	(0.74)
PS 75/100 guarantee policy	11.92	9.52	10.25	9.14	—	2.40	(0.73)
PPS 75/100 guarantee policy	12.09	9.62	10.31	9.16	—	2.47	(0.69)

U.S. Value Equity Fund (S178) 4.11L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

U.S. Value Equity Fund (S178) 4.11L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Value Equity Fund (S178) 4.11L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Value Equity Fund (S178) 4.11L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Value Equity Fund (S178) 4.11L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S. Value Equity Fund (S178) 4.11L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Value Equity Fund (S178) 4.11L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

U.S. Value Equity Fund (S178) 4.11L

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

U.S. Value Equity Fund (S178) 4.11L

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

U.S. Value Equity Fund (S178) 4.11L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.76	2.77	2.78	2.80	2.82
75/100 guarantee policy	2.98	3.00	3.01	3.01	2.97
100/100 guarantee policy	3.26	3.28	3.29	3.29	3.25
PS1 75/75 guarantee policy	2.31	2.31	2.32	2.32	2.29
PS1 75/100 guarantee policy	2.58	2.60	2.60	2.60	2.57
PS1 100/100 guarantee policy	2.98	2.99	2.99	3.01	2.97
PS 75/100 guarantee policy	1.87	1.88	1.87	1.87	—
PPS 75/100 guarantee policy	1.46	1.47	1.47	1.47	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	166.83	106.81	100.46	90.69	90.67

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

INCOME FUND 2.01L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Income Fund 2.01L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Income Fund 2.01L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 6,625	\$ 27,359
Investment income due and accrued	2,379	2,607
Due from The Canada Life Assurance Company (note 8)	—	22
Due from brokers	360	—
Due from outside parties	—	—
Investments		
Bonds	319,602	388,775
Stocks	167,672	137,107
Investment fund units	—	—
Total investments	487,274	525,882
Total assets	\$ 496,638	\$ 555,870
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	105	—
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	69	—
Total liabilities excluding net assets attributable to contractholders	174	—
Net assets attributable to contractholders	\$ 496,464	\$ 555,870

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 35,828	\$ 29,662
Miscellaneous income (loss)	126	124
Total income	35,954	29,786
Expenses		
Management fees (note 8)	9,645	10,817
Transaction costs	44	85
Withholding taxes	—	—
Other	1,152	1,279
Total expenses	10,841	12,181
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 25,113	\$ 17,605

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 555,870	\$ 626,973
Contractholder deposits	14,539	5,330
Contractholder withdrawals	(99,058)	(94,038)
Increase (decrease) in net assets from operations attributable to contractholders	25,113	17,605
Change in net assets attributable to contractholders	(59,406)	(71,103)
Net assets attributable to contractholders - end of year	\$ 496,464	\$ 555,870

Income Fund 2.01L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 25,113	\$ 17,605
Adjustments		
Add back amortization of premium (discount)	(370)	—
Realized (gains) losses	(24,585)	(6,228)
Unrealized (gains) losses	4,678	(4,526)
Gross proceeds of disposition of investments	409,544	269,070
Gross payments for the purchase of investments	(350,590)	(177,197)
Change in investment income due and accrued	228	373
Change in due from/to The Canada Life Assurance Company	127	(143)
Change in due from/to brokers	(360)	—
	<u>63,785</u>	<u>98,954</u>
Financing Activities		
Contractholder deposits	14,539	5,330
Contractholder withdrawals	(99,058)	(94,038)
	<u>(84,519)</u>	<u>(88,708)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(20,734)	10,246
Cash, short-term deposits and overdrafts, beginning of year	27,359	17,113
Cash, short-term deposits and overdrafts, end of year	\$ 6,625	\$ 27,359
Supplementary cash flow information		
Interest income received	\$ 9,306	\$ 12,249
Dividend income received	6,440	6,945

Income Fund 2.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.75% 06-15-2030	2,110,000	2,106	2,105
Canada Housing Trust No. 1 1.80% 12-15-2024	3,950,000	3,939	4,005
Canada Housing Trust No. 1 1.95% 12-15-2025	2,550,000	2,651	2,600
Canada Housing Trust No. 1 2.35% 06-15-2023	5,550,000	5,582	5,660
Canada Housing Trust No. 1 2.90% 06-15-2024	5,000,000	5,295	5,200
Canada Housing Trust No. 1 Floating Rate 09-15-2026	4,400,000	4,400	4,410
Government of Canada 0.75% 10-01-2024	1,025,000	1,011	1,016
Government of Canada 1.00% 09-01-2026	11,370,000	11,194	11,240
Government of Canada 1.50% 06-01-2031	738,000	744	743
Government of Canada 1.75% 12-01-2053	81,000	80	82
Government of Canada 2.00% 12-01-2051	5,370,000	5,638	5,778
Government of Canada 3.00% 12-01-2036 Real Return	6,119,000	12,059	12,841
Total Federal Government		54,699	55,680
Provincial Governments			
Ontario Power Generation Inc. 3.215% 04-08-2030	400,000	427	425
Province of Alberta 2.55% 06-01-2027	1,100,000	1,065	1,149
Province of Alberta 2.95% 06-01-2052	1,380,000	1,412	1,500
Province of Alberta 3.05% 12-01-2048	410,000	426	449
Province of Alberta 3.10% 06-01-2050	300,000	315	333
Province of Alberta 3.45% 12-01-2043	4,300,000	4,653	4,945
Province of British Columbia 1.55% 06-18-2031	8,820,000	8,359	8,499
Province of British Columbia 2.30% 06-18-2026	1,200,000	1,154	1,241
Province of British Columbia 2.75% 06-18-2052	30,000	30	32
Province of British Columbia 2.80% 06-18-2048	200,000	203	215
Province of British Columbia 2.95% 06-18-2050	7,862,000	8,538	8,726
Province of Manitoba 2.05% 09-05-2052	1,135,000	924	1,022
Province of Manitoba 3.20% 03-05-2050	1,695,000	1,799	1,922
Province of Manitoba 5.70% 03-05-2037	910,000	1,006	1,287
Province of New Brunswick 2.35% 08-14-2027	2,945,000	2,795	3,045
Province of Nova Scotia 4.50% 06-01-2037	1,500,000	1,668	1,902
Province of Ontario 1.55% 11-01-2029	2,178,000	2,173	2,129
Province of Ontario 2.25% 12-02-2031	537,000	536	545
Province of Ontario 2.65% 12-02-2050	2,020,000	2,092	2,100
Province of Ontario 3.45% 06-02-2045	540,000	616	634
Province of Quebec 1.50% 09-01-2031	5,544,000	5,508	5,301

Income Fund 2.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Quebec 3.10% 12-01-2051	7,864,000	8,863	9,013
Province of Quebec 3.50% 12-01-2045	2,800,000	3,045	3,338
Province of Quebec 3.50% 12-01-2048	750,000	867	907
Province of Quebec 4.25% 12-01-2043	3,344,000	3,764	4,379
Province of Saskatchewan 2.15% 06-02-2031	2,600,000	2,597	2,624
Province of Saskatchewan 2.80% 12-02-2052	621,000	628	659
Province of Saskatchewan 3.10% 06-02-2050	470,000	498	524
Total Provincial Governments		65,961	68,845
Municipal Governments			
City of Montreal 3.00% 09-01-2027	3,000,000	2,988	3,191
City of Toronto 2.40% 06-07-2027	2,350,000	2,220	2,434
Municipal Finance Authority of British Columbia 2.95% 10-14-2024	3,000,000	3,229	3,129
Total Municipal Governments		8,437	8,754
Corporate - Non-convertible			
407 International Inc. 4.19% 04-25-2042	2,500,000	2,521	2,939
407 International Inc. 6.47% 07-27-2029	1,130,000	1,563	1,446
Aéroports de Montreal 3.03% 04-21-2050	473,000	473	475
Aéroports de Montreal 3.36% 04-24-2047	2,000,000	2,000	2,123
AIMCo Realty Investors LP 2.195% 11-04-2026	229,000	229	231
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	59,000	67	64
Algonquin Power Co. 2.85% 07-15-2031	423,000	424	428
Allied Properties REIT 1.726% 02-12-2026	105,000	105	103
AltaGas Ltd. 2.166% 03-16-2027	187,000	187	184
AltaLink LP 3.668% 11-06-2023	1,590,000	1,645	1,659
AltaLink LP 3.99% 06-30-2042	2,220,000	2,311	2,580
ARC Resources Ltd. 2.354% 03-10-2026	334,000	334	334
ARC Resources Ltd. 3.465% 03-10-2031	336,000	336	345
Bank of Montreal 1.551% 05-28-2026	459,000	459	451
Bank of Montreal 1.758% 03-10-2026	587,000	587	583
Bank of Montreal 1.928% 07-22-2031	380,000	380	374
Bank of Montreal 2.37% 02-03-2025	290,000	297	295
BCI QuadReal Realty 1.056% 03-12-2024	178,000	178	176
BCI QuadReal Realty 1.073% 02-04-2026	263,000	263	255

Income Fund 2.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
BCIMC Realty Corp. 2.15% 08-11-2022	3,000,000	2,999	3,024
Bell Canada Inc. 1.65% 08-16-2027	147,000	142	142
Bell Canada Inc. 2.20% 05-29-2028	330,000	330	326
Bell Canada Inc. 2.90% 09-10-2029	681,000	696	697
Bell Canada Inc. 3.50% 09-30-2050	119,000	122	115
Bell Canada Inc. 4.45% 02-27-2047	60,000	71	67
BMW Canada Inc. 0.99% 01-14-2025	160,000	160	157
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	1,290,000	1,249	1,263
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	217,000	245	231
Brookfield Renewable Partners ULC 3.33% 08-13-2050	190,000	177	188
Brookfield Renewable Partners ULC 3.38% 01-15-2030	74,000	80	79
Brookfield Renewable Partners ULC 4.25% 01-15-2029	1,792,000	2,045	1,997
Bruce Power LP 4.00% 06-21-2030	282,000	315	310
Calgary Airport Authority 3.199% 10-07-2036	109,000	109	112
Canada Housing Trust No. 1 Floating Rate 03-15-2026	8,951,000	8,982	8,978
Canada Housing Trust No. 1 Floating Rate 09-15-2024	4,000,000	4,031	4,027
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	3,200,000	3,193	3,096
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	597,000	597	589
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	4,155,000	4,224	4,177
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	271,000	271	266
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	762,000	762	761
Canadian Imperial Bank of Commerce Floating Rate 06-10-2024	2,703,000	2,705	2,708
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	479,000	479	478
Canadian Natural Resources Ltd. 3.55% 06-03-2024	2,850,000	2,840	2,957
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	590,000	590	600
Canadian Tire Corp. Ltd. 5.61% 09-04-2035	2,175,000	2,123	2,519
Canadian Western Bank 1.926% 04-16-2026	356,000	356	353
Canadian Western Bank 2.606% 01-30-2025	150,000	154	153
Canadian Western Bank Floating Rate 01-22-2024	540,000	540	541
Capital Power Corp. 4.284% 09-18-2024	367,000	405	388
CDP Financial Inc. 1.50% 10-19-2026	620,000	619	618
Cenovus Energy Inc. 3.55% 03-12-2025	2,625,000	2,615	2,729
CGI Inc. 2.10% 09-18-2028	161,000	161	158
Choice Properties REIT 2.456% 11-30-2026	129,000	129	130
Choice Properties REIT 2.848% 05-21-2027	247,000	253	253
Cogeco Communications Inc. 2.991% 09-22-2031	328,000	326	326
CPPIB Capital Inc. 3.00% 06-15-2028	1,750,000	1,780	1,889

Income Fund 2.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Crombie REIT 2.686% 03-31-2028	550,000	550	549
Crombie REIT 3.133% 08-12-2031	120,000	120	119
CU Inc. 4.085% 09-02-2044	230,000	258	270
CU Inc. 4.543% 10-24-2041	2,415,000	2,517	2,968
CU Inc. 5.556% 10-30-2037	2,210,000	2,396	2,955
Dream Industrial REIT 1.662% 12-22-2025	166,000	166	163
Dream Industrial REIT 2.057% 06-17-2027	213,000	213	210
Dream Industrial REIT 2.539% 12-07-2026	170,000	170	172
Enbridge Gas Inc. 3.20% 09-15-2051	124,000	124	127
Enbridge Gas Inc. 3.65% 04-01-2050	40,000	43	44
Enbridge Inc. 3.10% 09-21-2033	496,000	494	490
Enbridge Inc. 5.375% 09-27-2077	2,883,000	3,022	3,050
Enbridge Inc. 6.625% 04-12-2078	1,210,000	1,406	1,371
Enbridge Pipelines Inc. 4.33% 02-22-2049	200,000	209	216
Enbridge Pipelines Inc. 5.33% 04-06-2040	1,860,000	2,041	2,227
Energir Inc. 2.10% 04-16-2027	215,000	220	217
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	634,000	636	661
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	736,000	794	789
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	680,000	680	658
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	243,000	243	238
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	1,228,000	1,251	1,255
Fortified Trust 1.964% 10-23-2026	531,000	531	532
Granite REIT Holdings LP 2.194% 08-30-2028	275,000	275	271
Greater Toronto Airports Authority 3.04% 09-21-2022	3,700,000	3,861	3,739
Greater Toronto Airports Authority 5.30% 02-25-2041	1,600,000	1,732	2,155
Greater Toronto Airports Authority 6.47% 02-02-2034	2,992,000	3,542	4,123
H&R REIT 2.633% 02-19-2027	410,000	411	409
H&R REIT 2.906% 06-02-2026	755,000	772	767
H&R REIT 4.071% 06-16-2025	741,000	799	783
Honda Canada Finance Inc. 1.337% 03-17-2026	302,000	302	294
Honda Canada Finance Inc. 1.646% 02-25-2028	430,000	430	417
Honda Canada Finance Inc. Floating Rate 02-26-2024	409,000	409	409
Hydro One Inc. 2.23% 09-17-2031	361,000	361	357
Hydro One Inc. 3.10% 09-15-2051	90,000	87	92
Hyundai Capital Canada Inc. 2.008% 05-12-2026	206,000	206	204
Intact Financial Corp. 2.179% 05-18-2028	214,000	214	213
Intact Financial Corp. 4.125% 03-31-2081	82,000	82	84

Income Fund 2.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Inter Pipeline Ltd. 3.173% 03-24-2025	1,110,000	1,131	1,137
Inter Pipeline Ltd. 3.484% 12-16-2026	481,000	509	497
Interprovincial Pipe Line Ltd. 8.20% 02-15-2024	300,000	344	338
John Deere Financial Inc. 1.63% 04-09-2026	98,000	98	97
Keyera Corp. 3.959% 05-29-2030	464,000	498	494
Laurentian Bank of Canada 1.15% 06-03-2024	286,000	286	282
Laurentian Bank of Canada 1.603% 05-06-2026	84,000	84	83
Loblaw Companies Ltd. 4.86% 03-12-2023	1,120,000	1,216	1,175
Lower Mattagami Energy LP 2.433% 05-14-2031	272,000	272	276
Manulife Bank of Canada 1.536% 09-14-2026	375,000	375	368
Manulife Financial Corp. 3.375% 06-19-2081	720,000	720	699
Manulife Financial Corp. 4.10% 03-19-2082	284,000	284	281
Morgan Stanley Floating Rate 03-21-2025	2,200,000	2,203	2,205
National Bank of Canada 1.534% 06-15-2026	245,000	245	240
National Bank of Canada 2.237% 11-04-2026	323,000	323	326
National Bank of Canada 2.545% 07-12-2024	1,853,000	1,939	1,893
National Bank of Canada 2.58% 02-03-2025	1,530,000	1,582	1,566
NAV CANADA 2.063% 05-29-2030	342,000	342	339
North West Redwater Partnership 2.80% 06-01-2027	394,000	408	405
North West Redwater Partnership 3.20% 04-24-2026	2,600,000	2,594	2,713
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	599,000	598	601
Ottawa MacDonald-Cartier International Airport Authority 6.973% 05-25-2032	341,234	341	419
Pembina Pipeline Corp. 3.53% 12-10-2031	203,000	203	208
Pembina Pipeline Corp. 4.54% 04-03-2049	60,000	61	64
Pembina Pipeline Corp. 4.67% 05-28-2050	70,000	73	76
Pembina Pipeline Corp. 4.74% 01-21-2047	100,000	110	109
Pembina Pipeline Corp. 4.75% 03-26-2048	1,371,000	1,442	1,500
Pembina Pipeline Corp. 4.81% 03-25-2044	1,142,000	1,212	1,250
Prime Structured Mortgage Trust 1.856% 11-15-2024	349,000	349	350
PSP Capital Inc. 2.05% 01-15-2030	948,000	961	960
Reliance LP 2.67% 08-01-2028	291,000	291	291
Reliance LP 2.68% 12-01-2027	371,000	376	373
RioCan REIT 2.829% 11-08-2028	114,000	114	115
Royal Bank of Canada 1.67% 01-28-2033	559,000	559	535
Royal Bank of Canada 1.833% 07-31-2028	603,000	603	589
Royal Bank of Canada 2.088% 06-30-2030	1,652,000	1,669	1,652
Royal Bank of Canada 2.14% 11-03-2031	457,000	457	453

Income Fund 2.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Royal Bank of Canada 2.328% 01-28-2027	2,763,000	2,849	2,795
Royal Bank of Canada 2.74% 07-25-2029	1,605,000	1,641	1,638
Sagen MI Canada Inc. 3.261% 03-05-2031	261,000	261	264
Sagen MI Canada Inc. 4.95% 03-24-2081	185,000	185	187
Saputo Inc. 2.297% 06-22-2028	146,000	146	145
Sienna Senior Living Inc. 2.82% 03-31-2027	98,000	98	99
Sobeys Inc. 4.70% 08-08-2023	2,725,000	2,741	2,840
Summit Industrial Income REIT 1.82% 04-01-2026	743,000	737	730
Summit Industrial Income REIT 2.25% 01-12-2027	147,000	147	146
Summit Industrial Income REIT 2.44% 07-14-2028	138,000	138	137
Sun Life Financial Inc. 2.38% 08-13-2029	1,116,000	1,142	1,132
Sun Life Financial Inc. 2.58% 05-10-2032	1,724,000	1,769	1,754
Sun Life Financial Inc. 2.80% 11-21-2033	513,000	513	525
Sun Life Financial Inc. 3.60% 06-30-2081	337,000	337	332
Sun Life Financial Inc. 5.40% 05-29-2042	1,895,000	1,746	2,418
Sun Life Financial Inc. Floating Rate 09-19-2028	3,100,000	3,130	3,178
Suncor Energy Inc. 3.10% 05-24-2029	700,000	722	720
Suncor Energy Inc. 3.95% 03-04-2051	204,000	201	206
TELUS Corp. 2.05% 10-07-2030	741,000	697	701
TELUS Corp. 2.85% 11-13-2031	260,000	260	259
TELUS Corp. 3.15% 02-19-2030	385,000	409	398
TELUS Corp. 3.30% 05-02-2029	741,000	782	777
TELUS Corp. 3.95% 02-16-2050	380,000	402	388
TELUS Corp. 4.85% 04-05-2044	1,890,000	2,309	2,179
The 55 School Board Trust 5.90% 06-02-2033	2,874,000	2,967	3,833
The Bank of Nova Scotia 1.40% 11-01-2027	1,149,000	1,118	1,103
The Bank of Nova Scotia 2.16% 02-03-2025	241,000	252	244
The Bank of Nova Scotia 3.70% 07-27-2081	603,000	603	590
The Bank of Nova Scotia Floating Rate 08-04-2026	579,000	579	579
The Empire Life Insurance Co. 3.625% 04-17-2026	142,000	142	140
The Independent Order of Foresters 2.885% 10-15-2035	266,000	267	269
The Toronto-Dominion Bank 1.888% 03-08-2028	1,440,000	1,440	1,417
The Toronto-Dominion Bank 1.896% 09-11-2028	670,000	670	657
The Toronto-Dominion Bank 1.943% 03-13-2025	858,000	891	862
The Toronto-Dominion Bank 3.105% 04-22-2030	160,000	168	165
The Toronto-Dominion Bank 3.60% 10-31-2081	348,000	348	338
Thomson Reuters Corp. 2.239% 05-14-2025	819,000	843	828

Income Fund 2.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
TMX Group Ltd. 2.016% 02-12-2031	170,000	170	165
Toronto Hydro Corp. 2.47% 10-20-2031	203,000	203	206
Tourmaline Oil Corp. 2.077% 01-25-2028	129,000	129	126
Tourmaline Oil Corp. 2.529% 02-12-2029	140,000	140	139
Toyota Credit Canada Inc. 1.18% 02-23-2026	280,000	280	272
Toyota Credit Canada Inc. 2.35% 07-18-2022	4,225,000	4,202	4,264
TransCanada PipeLines Ltd. 3.30% 07-17-2025	786,000	841	820
TransCanada PipeLines Ltd. 3.39% 03-15-2028	2,960,000	3,004	3,108
TransCanada PipeLines Ltd. 3.80% 04-05-2027	1,630,000	1,784	1,742
TransCanada PipeLines Ltd. 4.18% 07-03-2048	190,000	212	199
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	1,460,000	1,531	1,504
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	572,000	572	573
TransCanada Trust 4.20% 03-04-2081	638,000	638	629
Transcontinental Inc. 2.28% 07-13-2026	101,000	101	101
Ventas Canada Finance Ltd. 2.45% 01-04-2027	226,000	226	227
Ventas Canada Finance Ltd. 2.80% 04-12-2024	498,000	509	509
Ventas Canada Finance Ltd. 3.30% 12-01-2031	246,000	245	250
Waste Management of Canada Corp. 2.60% 09-23-2026	595,000	625	611
WSP Global Inc. 2.408% 04-19-2028	551,000	555	550
Total Corporate - Non-convertible		167,290	171,972
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	168,000	68	68
Laurentian Bank of Canada 0.878% 03-01-2026	1,670,000	1,583	1,566
Merrill Lynch 0.988% 03-01-2026	930,000	862	851
Scotia Capital Inc. 0.89% 09-01-2026	239,000	230	231
Total Mortgage Backed		2,743	2,716
Total Canadian Bonds		299,130	307,967
United States Bonds			
Corporate - Non-convertible			
Athene Global Funding Floating Rate 04-09-2024	683,000	683	685
Bank of America Corp. 1.978% 09-15-2027	210,000	210	207
Bank of America Corp. 2.598% 04-04-2029	217,000	221	219

Income Fund 2.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Bank of America Corp. Floating Rate 09-15-2027	383,000	383	385
Goldman Sachs Group Inc. Floating Rate 04-29-2025	834,000	834	836
Inter-American Development Bank 4.40% 01-26-2026	1,375,000	1,342	1,534
Nestle Holdings Inc. 2.192% 01-26-2029	277,000	277	280
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	187,000	225	235
The Goldman Sachs Group Inc. 2.599% 11-30-2027	509,000	509	515
The Walt Disney Co. 3.057% 03-30-2027	1,866,000	1,978	1,936
Verizon Communications Inc. 2.375% 03-22-2028	1,250,000	1,240	1,252
Wells Fargo & Co. 2.975% 05-19-2026	210,000	227	217
Total Corporate - Non-convertible		8,129	8,301
Total United States Bonds		8,129	8,301
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	190,000	209	211
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	190,000	238	233
Cayman Islands			
Baidu Inc. 2.375% 08-23-2031	279,000	351	341
Chile			
Colbun SA 3.15% 01-19-2032	237,000	293	297
Japan			
Renesas Electronics Corp. 1.543% 11-26-2024	207,000	261	261
Renesas Electronics Corp. 2.17% 11-25-2026	240,000	302	302
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	424,000	424	426
Heathrow Funding Ltd. 3.726% 04-13-2033	324,000	331	337
Mexico			
Becle SAB de CV 2.50% 10-14-2031	290,000	364	361

Income Fund 2.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds (continued)			
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032 144A	95,000	119	121
United Kingdom			
National Grid Electricity Transmission PLC 2.301% 06-22-2029	447,000	447	444
Total Global Bonds		3,339	3,334
Total Bonds		310,598	319,602
Canadian Common Stock			
Communication Services			
BCE Inc.	149,288	8,158	9,825
Rogers Communications Inc. Class B non-voting	44,786	2,477	2,697
TELUS Corp.	275,986	6,101	8,222
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	6,759	1,083	1,226
Magna International Inc.	36,006	2,657	3,685
Restaurant Brands International Inc.	34,814	2,673	2,670
Consumer Staples			
Alimentation Couche-Tard Inc.	55,194	2,047	2,925
Empire Co. Ltd. Class A non-voting	58,927	1,811	2,271
George Weston Ltd.	40,713	4,052	5,971
Loblaw Companies Ltd.	16,331	944	1,693
Saputo Inc.	64,765	2,302	1,846
Energy			
Canadian Natural Resources Ltd.	53,827	1,824	2,877
Enbridge Inc. [CAD]	138,470	6,218	6,842
Hydro One Ltd.	57,058	1,386	1,878
Suncor Energy Inc.	144,635	4,550	4,578
TC Energy Corp.	80,926	4,761	4,761

Income Fund 2.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Exchange Traded Funds			
Mackenzie Emerging Markets Bond Index ETF *	18,027	1,749	1,703
Mackenzie Emerging Markets Local Currency Bond Index ETF *	41,014	3,849	3,496
Financials			
Bank of Montreal	96,660	8,107	13,164
Brookfield Asset Management Inc.	29,072	1,522	2,221
Canadian Imperial Bank of Commerce	72,970	7,204	10,759
CI Financial Corp.	68,796	1,523	1,819
Manulife Financial Corp.	151,197	3,067	3,645
National Bank of Canada	11,415	625	1,101
Royal Bank of Canada	105,125	9,081	14,113
Sun Life Financial Inc.	85,317	3,868	6,007
The Bank of Nova Scotia	142,508	9,124	12,762
The Toronto-Dominion Bank	139,572	8,115	13,536
Industrials			
Canadian National Railway Co.	27,966	3,092	4,345
Canadian Pacific Railway Ltd.	16,452	1,493	1,497
Materials			
Agnico Eagle Mines Ltd.	28,518	2,203	1,916
Barrick Gold Corp.	38,715	1,220	931
Nutrien Ltd. [CAD]	43,347	2,494	4,121
Real Estate			
Boardwalk REIT	42,838	1,259	2,349
First Capital REIT	84,819	1,618	1,600

*The issuer of this security is a related company to the issuer of the Fund.

Income Fund 2.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Utilities			
Capital Power Corp.	38,228	1,006	1,508
Fortis Inc.	18,213	795	1,112
Total Canadian Common Stock		126,058	167,672
Total Stocks		126,058	167,672

Income Fund 2.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(238)	CAD 120.40	US 5YR NOTE 31/03/2022	March 31, 2022	CAD 28,792	CAD 120.98	(21)
(24)	CAD 196.69	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 4,731	CAD 197.13	(48)
Derivatives - Liabilities						(69)
Total Futures Contracts						(69)

Total Derivative Instruments at Fair Value (69)

Total Investments 436,656 487,205

Income Fund 2.01L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Income Fund 2.01L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 2,151	\$ 510	\$ 2,661	\$ 27
Total	\$ 2,151	\$ 510	\$ 2,661	\$ 27
As Percent of Net Assets Attributable to Contractholders			0.5%	

*Includes both monetary and non-monetary instruments

Income Fund 2.01L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020					
Currency		Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$	—	\$ 968	\$ 968	\$ 10
Total	\$	—	\$ 968	\$ 968	\$ 10
As Percent of Net Assets Attributable to Contractholders				0.2%	

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 11,027	\$ 107,989	\$ 84,143	\$ 116,443	\$ 319,602

2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 9,520	\$ 130,278	\$ 101,133	\$ 147,844	\$ 388,775

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$23,462 (\$32,728 at December 31, 2020) or approximately 4.7% (5.9% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 9)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

Income Fund 2.01L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk (continued)

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	15.0	9.6	10.8	7.5
AA	26.1	16.8	37.3	26.1
A	27.9	18.0	39.7	27.8
BBB	30.7	19.8	12.2	8.5
BB and lower	0.1	0.1	—	—
NR *	0.2	0.1	—	—
Total	100.0	64.4	100.0	69.9

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$1,677 (\$1,371 at December 31, 2020) or approximately 0.3% (0.2% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Income Fund 2.01L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 319,602	\$ —	\$ 319,602
Stocks	167,672	—	—	167,672
Total assets measured at fair value	\$ 167,672	\$ 319,602	\$ —	\$ 487,274
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ 69	\$ —	\$ —	\$ 69
Net assets attributable to contractholders measured at fair value	\$ 167,603	\$ 319,602	\$ —	\$ 487,205

⁽¹⁾ Excludes collateral pledged to counterparties of \$1,139.

2020				
Assets Measured at Fair Value				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 388,775	\$ —	\$ 388,775
Stocks	137,107	—	—	137,107
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 137,107	\$ 388,775	\$ —	\$ 525,882

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Income Fund 2.01L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	64,704	90,615	90,550	92,368	169,015	27,612	36,084	34,192	31,767	59,144
Individual	4,504,281	5,493,447	6,639,611	8,505,645	10,784,207	125,645	146,189	171,286	204,314	269,510
75/75 guarantee policy	2,432,100	2,962,781	3,417,525	3,835,386	4,310,019	37,403	43,444	48,552	50,707	59,251
75/100 guarantee policy	12,050,470	14,202,003	16,348,891	18,421,682	21,660,612	183,988	206,864	230,852	242,206	296,294
100/100 guarantee policy	565,409	625,004	726,526	784,286	876,010	8,581	9,054	10,208	10,267	11,937
PS1 75/75 guarantee policy	1,169,007	1,218,048	1,341,916	1,494,116	1,682,905	16,129	15,996	17,043	17,629	20,610
PS1 75/100 guarantee policy	5,741,880	6,076,517	7,340,145	7,970,940	9,469,893	78,804	79,420	92,838	93,707	115,620
PS1 100/100 guarantee policy	206,148	226,565	251,929	324,174	365,174	2,795	2,927	3,152	3,772	4,417
PS2 75/75 guarantee policy	274,348	294,712	481,343	566,457	687,218	4,596	4,605	7,130	7,639	9,427
PS2 75/100 guarantee policy	467,791	571,148	649,588	782,603	996,386	7,837	8,925	9,622	10,554	13,667
PS 75/75 guarantee policy	5,557	5,613	41,976	3,724	—	65	62	441	36	—
PS 75/100 guarantee policy	113,196	97,244	93,587	54,031	—	1,315	1,066	983	523	—
PPS 75/75 guarantee policy	9,260	7,391	6,841	—	—	108	81	72	—	—
PPS 75/100 guarantee policy	135,641	104,741	57,123	2,127	—	1,586	1,153	602	21	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	426.74	398.22	377.60	343.91	349.93	28.52	20.62
Individual	27.89	26.61	25.80	24.02	24.99	1.28	0.81
75/75 guarantee policy	15.38	14.66	14.21	13.22	13.75	0.72	0.45
75/100 guarantee policy	15.27	14.57	14.12	13.15	13.68	0.70	0.45
100/100 guarantee policy	15.18	14.49	14.05	13.09	13.63	0.69	0.44
PS1 75/75 guarantee policy	13.80	13.13	12.70	11.80	12.25	0.67	0.43
PS1 75/100 guarantee policy	13.72	13.07	12.65	11.76	12.21	0.65	0.42
PS1 100/100 guarantee policy	13.56	12.92	12.51	11.63	12.09	0.64	0.41
PS2 75/75 guarantee policy	16.75	15.63	14.81	13.49	13.72	1.12	0.82
PS2 75/100 guarantee policy	16.75	15.63	14.81	13.49	13.72	1.12	0.82
PS 75/75 guarantee policy	11.64	10.97	10.52	9.68	—	0.67	0.45
PS 75/100 guarantee policy	11.62	10.96	10.51	9.67	—	0.66	0.45
PPS 75/75 guarantee policy	11.71	11.02	10.54	—	—	0.69	0.48
PPS 75/100 guarantee policy	11.69	11.01	10.53	9.68	—	0.68	0.48

Income Fund 2.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Income Fund 2.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Income Fund 2.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Income Fund 2.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Income Fund 2.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Income Fund 2.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Income Fund 2.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Income Fund 2.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Income Fund 2.01L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.25	2.25	2.25	2.26	2.26
75/75 guarantee policy	2.19	2.19	2.20	2.21	2.20
75/100 guarantee policy	2.25	2.25	2.25	2.26	2.26
100/100 guarantee policy	2.30	2.30	2.31	2.32	2.31
PS1 75/75 guarantee policy	2.01	2.01	2.02	2.03	2.02
PS1 75/100 guarantee policy	2.07	2.07	2.08	2.09	2.08
PS1 100/100 guarantee policy	2.13	2.13	2.13	2.18	2.25
PS 75/75 guarantee policy	1.07	1.09	1.07	1.07	—
PS 75/100 guarantee policy	1.13	1.13	1.13	1.13	—
PPS 75/75 guarantee policy	0.89	0.90	0.90	—	—
PPS 75/100 guarantee policy	0.95	0.95	0.95	0.95	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	69.11	31.62	13.57	18.82	24.43

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

BALANCED GROWTH FUND 2.02L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Growth Fund 2.02L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Growth Fund 2.02L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 3,242	\$ 2,566
Investment income due and accrued	194	214
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	23,954	29,264
Stocks	62,432	51,342
Investment fund units	—	—
Total investments	86,386	80,606
Total assets	\$ 89,822	\$ 83,386
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	29	14
Due to brokers	1,114	—
Due to outside parties	—	—
Derivatives (note 7)	2	—
Total liabilities excluding net assets attributable to contractholders	1,145	14
Net assets attributable to contractholders	\$ 88,677	\$ 83,372

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 13,299	\$ 5,537
Miscellaneous income (loss)	21	(188)
Total income	13,320	5,349
Expenses		
Management fees (note 8)	1,897	1,885
Transaction costs	42	42
Withholding taxes	21	33
Other	221	218
Total expenses	2,181	2,178
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 11,139	\$ 3,171

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 83,372	\$ 89,084
Contractholder deposits	3,868	803
Contractholder withdrawals	(9,702)	(9,686)
Increase (decrease) in net assets from operations attributable to contractholders	11,139	3,171
Change in net assets attributable to contractholders	5,305	(5,712)
Net assets attributable to contractholders - end of year	\$ 88,677	\$ 83,372

Balanced Growth Fund 2.02L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 11,139	\$ 3,171
Adjustments		
Add back amortization of premium (discount)	(28)	—
Realized (gains) losses	(8,843)	(3,019)
Unrealized (gains) losses	(2,651)	(483)
Gross proceeds of disposition of investments	80,221	54,992
Gross payments for the purchase of investments	(74,477)	(44,424)
Change in investment income due and accrued	20	21
Change in due from/to The Canada Life Assurance Company	15	(52)
Change in due from/to brokers	1,114	(34)
	<u>6,510</u>	<u>10,172</u>
Financing Activities		
Contractholder deposits	3,868	803
Contractholder withdrawals	(9,702)	(9,686)
	<u>(5,834)</u>	<u>(8,883)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	676	1,289
Cash, short-term deposits and overdrafts, beginning of year	2,566	1,277
Cash, short-term deposits and overdrafts, end of year	\$ 3,242	\$ 2,566
Supplementary cash flow information		
Interest income received	\$ 691	\$ 846
Dividend income received	1,103	1,206

Balanced Growth Fund 2.02L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.95% 12-15-2025	140,000	146	143
Canada Housing Trust No. 1 2.90% 06-15-2024	400,000	423	416
Canada Housing Trust No. 1 Floating Rate 09-15-2026	950,000	950	952
Government of Canada 0.50% 11-01-2023	871,000	863	864
Government of Canada 0.75% 10-01-2024	499,000	491	494
Government of Canada 1.00% 09-01-2026	1,017,000	1,000	1,006
Government of Canada 1.50% 06-01-2031	123,000	123	124
Government of Canada 1.75% 12-01-2053	10,000	10	10
Government of Canada 2.00% 12-01-2051	463,000	486	498
Government of Canada 3.00% 12-01-2036 Real Return	468,000	922	982
Total Federal Government		5,414	5,489
Provincial Governments			
Ontario Power Generation Inc. 3.215% 04-08-2030	40,000	43	42
Province of Alberta 2.55% 06-01-2027	190,000	189	198
Province of Alberta 2.95% 06-01-2052	170,000	174	185
Province of Alberta 3.05% 12-01-2048	60,000	62	66
Province of Alberta 3.10% 06-01-2050	81,000	86	90
Province of Alberta 3.45% 12-01-2043	130,000	141	149
Province of British Columbia 1.55% 06-18-2031	480,000	455	463
Province of British Columbia 2.30% 06-18-2026	275,000	282	284
Province of British Columbia 2.80% 06-18-2048	20,000	20	21
Province of British Columbia 2.85% 06-18-2025	325,000	337	341
Province of British Columbia 2.95% 06-18-2050	507,000	539	563
Province of Manitoba 2.05% 09-05-2052	75,000	61	68
Province of Manitoba 3.20% 03-05-2050	135,000	144	153
Province of Manitoba 5.70% 03-05-2037	85,000	101	120
Province of New Brunswick 2.35% 08-14-2027	145,000	143	150
Province of New Brunswick 4.55% 03-26-2037	40,000	38	51
Province of New Brunswick 5.50% 01-27-2034	40,000	46	53
Province of Nova Scotia 4.50% 06-01-2037	90,000	101	114
Province of Ontario 1.55% 11-01-2029	154,000	154	151
Province of Ontario 1.90% 12-02-2051	288,000	237	255
Province of Ontario 2.25% 12-02-2031	80,000	80	81
Province of Ontario 2.60% 06-02-2025	41,000	43	43
Province of Ontario 2.65% 12-02-2050	117,000	121	122

Balanced Growth Fund 2.02L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Ontario 3.45% 06-02-2045	80,000	91	94
Province of Quebec 1.50% 09-01-2031	611,000	609	584
Province of Quebec 3.10% 12-01-2051	510,000	570	585
Province of Quebec 3.50% 12-01-2045	210,000	227	250
Province of Quebec 3.50% 12-01-2048	50,000	58	60
Province of Quebec 3.75% 09-01-2024	50,000	52	53
Province of Quebec 4.25% 12-01-2043	225,000	241	295
Province of Saskatchewan 2.80% 12-02-2052	131,000	133	139
Province of Saskatchewan 3.10% 06-02-2050	40,000	42	45
Total Provincial Governments		5,620	5,868
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	160,000	164	161
407 International Inc. 4.19% 04-25-2042	85,000	90	100
407 International Inc. 5.96% 12-03-2035	70,000	90	95
Aéroports de Montreal 3.03% 04-21-2050	52,000	54	52
AIMCo Realty Investors LP 2.195% 11-04-2026	17,000	17	17
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	5,000	6	5
Algonquin Power Co. 2.85% 07-15-2031	19,000	19	19
Allied Properties REIT 1.726% 02-12-2026	8,000	8	8
AltaGas Ltd. 2.166% 03-16-2027	14,000	14	14
AltaLink LP 3.717% 12-03-2046	175,000	172	199
AltaLink LP 3.99% 06-30-2042	67,000	78	78
ARC Resources Ltd. 2.354% 03-10-2026	25,000	25	25
ARC Resources Ltd. 3.465% 03-10-2031	26,000	26	27
Bank of Montreal 1.551% 05-28-2026	37,000	37	36
Bank of Montreal 1.758% 03-10-2026	45,000	45	45
Bank of Montreal 1.928% 07-22-2031	27,000	27	27
Bank of Montreal 2.37% 02-03-2025	170,000	177	173
BCI QuadReal Realty 1.056% 03-12-2024	14,000	14	14
BCI QuadReal Realty 1.073% 02-04-2026	20,000	20	19
BCIMC Realty Corp. 2.15% 08-11-2022	160,000	159	161
Bell Canada Inc. 1.65% 08-16-2027	5,000	5	5
Bell Canada Inc. 2.20% 05-29-2028	26,000	26	26
Bell Canada Inc. 2.90% 09-10-2029	23,000	23	24
Bell Canada Inc. 3.50% 09-30-2050	13,000	13	13

Balanced Growth Fund 2.02L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
BMW Canada Inc. 0.99% 01-14-2025	12,000	12	12
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	100,000	97	98
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	16,000	18	17
Brookfield Renewable Partners ULC 3.33% 08-13-2050	20,000	19	20
Brookfield Renewable Partners ULC 3.38% 01-15-2030	5,000	5	5
Brookfield Renewable Partners ULC 4.25% 01-15-2029	236,000	269	263
Bruce Power LP 4.00% 06-21-2030	20,000	22	22
Calgary Airport Authority 3.199% 10-07-2036	8,000	8	8
Canada Housing Trust No. 1 Floating Rate 03-15-2026	560,000	561	562
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	30,000	30	29
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	197,000	198	194
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	418,000	426	420
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	20,000	20	20
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	58,000	58	58
Canadian Imperial Bank of Commerce Floating Rate 06-10-2024	14,000	14	14
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	34,000	34	34
Canadian National Railway Co. 3.00% 02-08-2029	185,000	190	194
Canadian Natural Resources Ltd. 3.55% 06-03-2024	295,000	298	306
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	45,000	45	46
Canadian Tire Corp. Ltd. 5.61% 09-04-2035	115,000	115	133
Canadian Western Bank 1.926% 04-16-2026	28,000	28	28
Canadian Western Bank 2.606% 01-30-2025	11,000	11	11
Canadian Western Bank Floating Rate 01-22-2024	43,000	43	43
Capital Power Corp. 4.284% 09-18-2024	28,000	31	30
CDP Financial Inc. 1.50% 10-19-2026	46,000	46	46
CGI Inc. 2.10% 09-18-2028	12,000	12	12
Choice Properties REIT 2.456% 11-30-2026	10,000	10	10
Choice Properties REIT 2.848% 05-21-2027	18,000	18	18
Cogeco Communications Inc. 2.991% 09-22-2031	19,000	19	19
Crombie REIT 2.686% 03-31-2028	45,000	45	45
Crombie REIT 3.133% 08-12-2031	9,000	9	9
CU Inc. 4.085% 09-02-2044	20,000	22	23
CU Inc. 4.543% 10-24-2041	25,000	27	31
CU Inc. 5.556% 10-30-2037	75,000	98	100
Dream Industrial REIT 1.662% 12-22-2025	13,000	13	13
Dream Industrial REIT 2.057% 06-17-2027	17,000	17	17
Dream Industrial REIT 2.539% 12-07-2026	13,000	13	13

Balanced Growth Fund 2.02L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Enbridge Gas Inc. 2.90% 04-01-2030	91,000	95	95
Enbridge Gas Inc. 3.20% 09-15-2051	7,000	7	7
Enbridge Inc. 3.10% 09-21-2033	29,000	29	29
Enbridge Inc. 5.375% 09-27-2077	164,000	173	173
Enbridge Inc. 6.625% 04-12-2078	90,000	105	102
Enbridge Pipelines Inc. 4.33% 02-22-2049	20,000	21	22
Enbridge Pipelines Inc. 5.33% 04-06-2040	60,000	64	72
Energir Inc. 2.10% 04-16-2027	41,000	42	41
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	48,000	48	50
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	58,000	63	62
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	150,000	147	145
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	18,000	18	18
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	50,000	53	51
Fortified Trust 1.964% 10-23-2026	39,000	39	39
Granite REIT Holdings LP 2.194% 08-30-2028	20,000	20	20
Greater Toronto Airports Authority 2.75% 10-17-2039	140,000	141	138
Greater Toronto Airports Authority 5.30% 02-25-2041	50,000	62	67
Greater Toronto Airports Authority 6.47% 02-02-2034	40,000	47	55
Greater Toronto Airports Authority 6.98% 10-15-2032	50,000	56	70
H&R REIT 2.633% 02-19-2027	36,000	36	36
H&R REIT 2.906% 06-02-2026	57,000	58	58
H&R REIT 4.071% 06-16-2025	56,000	60	59
Honda Canada Finance Inc. 1.337% 03-17-2026	25,000	25	24
Honda Canada Finance Inc. 1.646% 02-25-2028	30,000	30	29
Honda Canada Finance Inc. Floating Rate 02-26-2024	32,000	32	32
Hydro One Inc. 2.23% 09-17-2031	27,000	27	27
Hydro One Inc. 3.10% 09-15-2051	10,000	10	10
Hydro One Inc. 5.36% 05-20-2036	115,000	127	150
Hyundai Capital Canada Inc. 2.008% 05-12-2026	16,000	16	16
Intact Financial Corp. 2.179% 05-18-2028	17,000	17	17
Intact Financial Corp. 4.125% 03-31-2081	6,000	6	6
Inter Pipeline Ltd. 2.608% 09-13-2023	110,000	113	111
Inter Pipeline Ltd. 3.484% 12-16-2026	38,000	40	39
Interprovincial Pipe Line Ltd. 8.20% 02-15-2024	55,000	69	62
John Deere Financial Inc. 1.63% 04-09-2026	8,000	8	8
Keyera Corp. 3.959% 05-29-2030	50,000	53	53
Laurentian Bank of Canada 1.15% 06-03-2024	22,000	22	22

Balanced Growth Fund 2.02L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Laurentian Bank of Canada 1.603% 05-06-2026	7,000	7	7
Loblaw Companies Ltd. 6.85% 03-01-2032	75,000	78	98
Lower Mattagami Energy LP 2.433% 05-14-2031	22,000	22	22
Manulife Bank of Canada 1.536% 09-14-2026	27,000	27	26
Manulife Financial Corp. 4.10% 03-19-2082	21,000	21	21
Morgan Stanley Floating Rate 03-21-2025	143,000	143	143
National Bank of Canada 1.534% 06-15-2026	19,000	19	19
National Bank of Canada 2.237% 11-04-2026	24,000	24	24
National Bank of Canada 2.545% 07-12-2024	285,000	298	291
National Bank of Canada 2.58% 02-03-2025	103,000	105	105
North West Redwater Partnership 2.80% 06-01-2027	30,000	31	31
North West Redwater Partnership 3.70% 02-23-2043	165,000	159	171
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	48,000	48	48
Ottawa MacDonald-Cartier International Airport Authority 6.973% 05-25-2032	17,742	18	22
Pembina Pipeline Corp. 3.53% 12-10-2031	16,000	16	16
Pembina Pipeline Corp. 4.54% 04-03-2049	10,000	10	11
Pembina Pipeline Corp. 4.74% 01-21-2047	8,000	9	9
Pembina Pipeline Corp. 4.75% 03-26-2048	105,000	111	115
Pembina Pipeline Corp. 4.81% 03-25-2044	87,000	92	95
Prime Structured Mortgage Trust 1.856% 11-15-2024	27,000	27	27
Reliance LP 2.67% 08-01-2028	22,000	22	22
Reliance LP 2.68% 12-01-2027	29,000	29	29
RioCan REIT 2.829% 11-08-2028	8,000	8	8
Royal Bank of Canada 1.67% 01-28-2033	42,000	42	40
Royal Bank of Canada 1.833% 07-31-2028	43,000	43	42
Royal Bank of Canada 2.088% 06-30-2030	345,000	351	345
Royal Bank of Canada 2.14% 11-03-2031	34,000	34	34
Royal Bank of Canada 2.328% 01-28-2027	181,000	187	183
Sagen MI Canada Inc. 3.261% 03-05-2031	20,000	20	20
Sagen MI Canada Inc. 4.95% 03-24-2081	14,000	14	14
Saputo Inc. 2.297% 06-22-2028	12,000	12	12
Saputo Inc. 2.876% 11-19-2024	110,000	116	113
Sienna Senior Living Inc. 2.82% 03-31-2027	8,000	8	8
Summit Industrial Income REIT 1.82% 04-01-2026	57,000	57	56
Summit Industrial Income REIT 2.25% 01-12-2027	11,000	11	11
Summit Industrial Income REIT 2.44% 07-14-2028	10,000	10	10
Sun Life Financial Inc. 2.58% 05-10-2032	250,000	258	254

Balanced Growth Fund 2.02L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Sun Life Financial Inc. 2.80% 11-21-2033	39,000	39	40
Sun Life Financial Inc. 3.60% 06-30-2081	27,000	27	27
Sun Life Financial Inc. Floating Rate 09-19-2028	60,000	60	62
Suncor Energy Inc. 3.10% 05-24-2029	225,000	234	232
Suncor Energy Inc. 3.95% 03-04-2051	20,000	20	20
TELUS Corp. 2.05% 10-07-2030	28,000	26	27
TELUS Corp. 2.85% 11-13-2031	20,000	20	20
TELUS Corp. 3.15% 02-19-2030	50,000	53	52
TELUS Corp. 3.30% 05-02-2029	57,000	60	60
TELUS Corp. 3.95% 02-16-2050	30,000	32	31
TELUS Corp. 4.85% 04-05-2044	132,000	161	152
The 55 School Board Trust 5.90% 06-02-2033	92,000	93	123
The Bank of Nova Scotia 1.40% 11-01-2027	80,000	78	77
The Bank of Nova Scotia 2.16% 02-03-2025	6,000	6	6
The Bank of Nova Scotia 3.70% 07-27-2081	48,000	48	47
The Bank of Nova Scotia Floating Rate 08-04-2026	41,000	41	41
The Empire Life Insurance Co. 3.625% 04-17-2026	11,000	11	11
The Independent Order of Foresters 2.885% 10-15-2035	22,000	22	22
The Toronto-Dominion Bank 1.888% 03-08-2028	110,000	110	108
The Toronto-Dominion Bank 1.896% 09-11-2028	49,000	49	48
The Toronto-Dominion Bank 2.85% 03-08-2024	86,000	87	88
The Toronto-Dominion Bank 3.06% 01-26-2032	100,000	100	103
The Toronto-Dominion Bank 3.105% 04-22-2030	170,000	178	176
The Toronto-Dominion Bank 3.60% 10-31-2081	25,000	25	24
Thomson Reuters Corp. 2.239% 05-14-2025	65,000	67	66
TMX Group Ltd. 2.016% 02-12-2031	13,000	13	13
Toronto Hydro Corp. 2.47% 10-20-2031	14,000	14	14
Tourmaline Oil Corp. 2.077% 01-25-2028	10,000	10	10
Tourmaline Oil Corp. 2.529% 02-12-2029	10,000	10	10
Toyota Credit Canada Inc. 1.18% 02-23-2026	20,000	20	19
TransCanada PipeLines Ltd. 3.30% 07-17-2025	77,000	84	80
TransCanada PipeLines Ltd. 3.80% 04-05-2027	130,000	142	139
TransCanada PipeLines Ltd. 4.18% 07-03-2048	10,000	11	10
TransCanada PipeLines Ltd. 6.50% 12-09-2030	35,000	35	43
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	140,000	147	144
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	45,000	45	45
TransCanada Trust 4.20% 03-04-2081	49,000	49	48

Balanced Growth Fund 2.02L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Transcontinental Inc. 2.28% 07-13-2026	8,000	8	8
Ventas Canada Finance Ltd. 2.45% 01-04-2027	17,000	17	17
Ventas Canada Finance Ltd. 2.80% 04-12-2024	37,000	38	38
Ventas Canada Finance Ltd. 3.30% 12-01-2031	19,000	19	19
Waste Management of Canada Corp. 2.60% 09-23-2026	42,000	44	43
WSP Global Inc. 2.408% 04-19-2028	42,000	42	42
Total Corporate - Non-convertible		11,071	11,188
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	13,000	5	5
Laurentian Bank of Canada 0.878% 03-01-2026	80,000	76	75
Merrill Lynch 0.988% 03-01-2026	70,000	65	64
Scotia Capital Inc. 0.89% 09-01-2026	18,000	17	17
Total Mortgage Backed		163	161
Total Canadian Bonds		22,268	22,706
United States Bonds			
Corporate - Non-convertible			
Athene Global Funding Floating Rate 04-09-2024	53,000	53	53
Bank of America Corp. 1.978% 09-15-2027	16,000	16	16
Bank of America Corp. 2.598% 04-04-2029	286,000	292	289
Bank of America Corp. Floating Rate 09-15-2027	30,000	30	30
Goldman Sachs Group Inc. Floating Rate 04-29-2025	63,000	63	63
Inter-American Development Bank 4.40% 01-26-2026	65,000	63	73
Nestle Holdings Inc. 2.192% 01-26-2029	21,000	21	21
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	15,000	18	19
The Goldman Sachs Group Inc. 2.599% 11-30-2027	39,000	39	39
The Walt Disney Co. 3.057% 03-30-2027	382,000	406	396
Verizon Communications Inc. 2.375% 03-22-2028	98,000	97	98
Wells Fargo & Co. 2.975% 05-19-2026	20,000	22	21
Total Corporate - Non-convertible		1,120	1,118
Total United States Bonds		1,120	1,118

Balanced Growth Fund 2.02L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	10,000	11	11
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	14,000	18	17
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	33,000	33	33
Heathrow Funding Ltd. 3.726% 04-13-2033	24,000	24	25
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	7,000	9	9
United Kingdom			
National Grid Electricity Transmission PLC 2.301% 06-22-2029	35,000	35	35
Total Global Bonds		130	130
Total Bonds		23,518	23,954
Canadian Common Stock			
Communication Services			
Rogers Communications Inc. Class B non-voting	9,062	536	546
TELUS Corp.	28,484	753	849
TELUS International Inc.	4,716	167	197
Consumer Discretionary			
Aritzia Inc.	7,943	170	416
BRP Inc.	4,114	321	456
Canadian Tire Corp. Ltd. Class A non-voting	2,454	389	445
Dollarama Inc.	8,798	461	557
Magna International Inc.	5,300	450	542
Pet Valu Holdings Ltd.	13,677	346	493
Consumer Staples			
Alimentation Couche-Tard Inc.	15,512	545	822
Loblaw Companies Ltd.	8,639	629	895

Balanced Growth Fund 2.02L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Energy			
ARC Resources Ltd.	20,309	212	234
Canadian Natural Resources Ltd.	30,674	1,302	1,640
Enbridge Inc. [CAD]	19,271	927	952
Headwater Exploration Inc.	55,747	209	287
Parkland Corp. of Canada	6,111	258	212
Pason Systems Inc.	30,145	293	348
Pembina Pipeline Corp.	10,210	363	392
Secure Energy Services Inc.	54,296	310	286
TC Energy Corp.	11,603	718	683
Tourmaline Oil Corp.	8,031	244	328
Exchange Traded Funds			
Mackenzie Emerging Markets Bond Index ETF *	1,514	147	143
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3,229	303	275
Financials			
Bank of Montreal	16,491	1,555	2,246
Brookfield Asset Management Inc.	23,441	923	1,791
Definity Financial Corp.	7,060	155	208
Intact Financial Corp.	7,792	1,018	1,281
National Bank of Canada	7,669	661	740
Royal Bank of Canada	27,968	2,365	3,754
Sun Life Financial Inc.	10,234	537	721
The Toronto-Dominion Bank	31,071	2,041	3,012
Thomson Reuters Corp.	2,327	243	352
TMX Group Ltd.	2,722	355	349
Health Care			
dentalcorp Holdings Ltd.	19,499	273	317
Neighbourly Pharmacy Inc.	5,163	89	206
Industrials			
Boyd Group Services Inc.	2,768	571	553
Canadian National Railway Co.	7,985	800	1,241
Canadian Pacific Railway Ltd.	19,091	1,318	1,737

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Growth Fund 2.02L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Industrials (continued)			
Stantec Inc.	6,394	249	454
TFI International Inc.	3,374	316	479
Toromont Industries Ltd.	3,357	239	384
Waste Connections Inc.	4,012	400	692
WSP Global Inc.	2,765	244	508
Information Technology			
CGI Group Inc. Class A sub. voting	6,904	513	772
Constellation Software Inc.	643	772	1,509
Dye & Durham Ltd.	5,319	106	239
Kinaxis Inc.	1,131	150	201
Open Text Corp.	16,010	780	961
Shopify Inc. [CAD]	714	1,306	1,244
Tecsys Inc.	2,656	111	140
The Descartes Systems Group Inc.	2,296	184	240
Materials			
Agnico Eagle Mines Ltd.	2,885	260	194
CCL Industries Inc. Class B non-voting	9,899	537	671
First Quantum Minerals Ltd.	7,380	180	223
Kirkland Lake Gold Ltd.	9,904	500	525
Major Drilling Group International Inc.	23,490	204	194
Methanex Corp.	5,619	274	281
Nutrien Ltd. [CAD]	8,730	548	830
Wheaton Precious Metals Corp.	9,146	513	496
Real Estate			
Allied Properties REIT	9,954	432	437
Colliers International Group Inc.	2,406	237	453
Utilities			
Boralex Inc. Class A	16,267	452	564
Northland Power Inc.	5,064	222	192
Total Canadian Common Stock		32,686	43,389

Balanced Growth Fund 2.02L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	216	280	792
Consumer Discretionary			
Amazon.com Inc.	85	220	359
Starbucks Corp.	2,546	375	377
Consumer Staples			
Costco Wholesale Corp.	537	315	386
PepsiCo Inc.	1,735	350	381
Exchange Traded Funds			
SPDR S&P 500 ETF TRUST	640	370	385
Financials			
CME Group Inc.	660	152	191
Moody's Corp.	1,122	466	554
Nasdaq Inc.	2,316	407	615
Signature Bank	1,245	253	509
SVB Financial Group	302	184	259
Health Care			
Charles River Laboratories International Inc.	906	383	432
Stryker Corp.	2,269	695	768
Thermo Fisher Scientific Inc.	692	466	584
Industrials			
Danaher Corp.	2,010	612	837
Equifax Inc.	2,108	570	781
Verisk Analytics Inc. Class A	648	165	187
Information Technology			
Adobe Inc.	499	157	358
Amphenol Corp. Class A	7,086	585	784
Autodesk Inc.	999	380	355
Automatic Data Processing Inc.	1,861	554	581
Keysight Technologies Inc.	3,427	600	895
Microsoft Corp.	2,640	538	1,123

Balanced Growth Fund 2.02L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
United States Common Stock (continued)			
Information Technology (continued)			
ON Semiconductor Corp.	4,719	368	405
Roper Industries Inc.	490	263	305
Synopsys Inc.	1,633	535	761
Texas Instruments Inc.	1,296	282	309
Total United States Common Stock		10,525	14,273
Global Common Stock			
France			
Schneider Electric SA	2,369	449	588
Hong Kong			
Techtronic Industries Co. Ltd.	17,380	341	438
Ireland			
Accenture PLC Class A	1,970	655	1,033
Aon Corp.	2,209	581	840
Steris PLC	1,847	471	569
Trane Technologies PLC	2,749	534	703
Switzerland			
Alcon Inc. ADR	5,434	461	599
Total Global Common Stock		3,492	4,770
Total Stocks		46,703	62,432

Balanced Growth Fund 2.02L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(19)	CAD 120.40	US 5YR NOTE 31/03/2022	March 31, 2022	CAD 2,299	CAD 120.98	(2)
Derivatives - Liabilities						(2)
Total Futures Contracts						(2)

Total Derivative Instruments at Fair Value (2)

Total Investments 70,221 86,384

Balanced Growth Fund 2.02L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Balanced Growth Fund 2.02L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Balanced Growth Fund 2.02L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 18,062	\$ 292	\$ 18,354	\$ 184
Other Currencies	1,026	—	1,026	10
Total	\$ 19,088	\$ 292	\$ 19,380	\$ 194
As Percent of Net Assets Attributable to Contractholders				21.9%
				0.2%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 16,180	\$ 2,450	\$ 18,630	\$ 186
Total	\$ 16,180	\$ 2,450	\$ 18,630	\$ 186
As Percent of Net Assets Attributable to Contractholders				22.3%
				0.2%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 161	\$ 8,984	\$ 6,295	\$ 8,514	\$ 23,954

2020

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 635	\$ 12,270	\$ 5,339	\$ 11,020	\$ 29,264

Balanced Growth Fund 2.02L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$1,778 (\$2,347 at December 31, 2020) or approximately 2.0% (2.8% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 9)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	10.1	2.7	5.9	2.0
AA	33.0	8.9	43.6	15.3
A	26.2	7.1	36.9	13.0
BBB	30.4	8.2	13.6	4.8
BB and lower	0.1	—	—	—
NR *	0.2	—	—	—
Total	100.0	26.9	100.0	35.1

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

Balanced Growth Fund 2.02L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$624 (\$513 at December 31, 2020) or approximately 0.7% (0.6% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 23,954	\$ —	\$ 23,954
Stocks	62,432	—	—	62,432
Total assets measured at fair value	\$ 62,432	\$ 23,954	\$ —	\$ 86,386
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ 2	\$ —	\$ —	\$ 2
Net assets attributable to contractholders measured at fair value	\$ 62,430	\$ 23,954	\$ —	\$ 86,384

⁽¹⁾ Excludes collateral pledged to counterparties of \$82.

2020				
Assets Measured at Fair Value				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 29,264	\$ —	\$ 29,264
Stocks	51,256	86	—	51,342
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 51,256	\$ 29,350	\$ —	\$ 80,606

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Balanced Growth Fund 2.02L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	21,212	21,953	22,244	24,292	27,549	8,321	7,379	7,009	6,616	7,677
Individual	810,658	939,135	1,074,328	1,215,486	1,311,395	19,411	19,797	21,814	21,916	24,863
75/75 guarantee policy	315,384	357,716	387,935	377,513	340,901	6,315	6,295	6,565	5,663	5,371
75/100 guarantee policy	1,784,842	1,960,136	2,223,156	2,080,048	1,805,886	35,370	34,197	37,359	31,039	28,336
100/100 guarantee policy	35,124	38,985	47,550	61,729	43,411	682	667	785	907	672
PS1 75/75 guarantee policy	176,851	154,610	188,552	172,558	101,590	3,617	2,769	3,237	2,617	1,612
PS1 75/100 guarantee policy	595,837	543,858	600,726	509,290	473,003	11,990	9,603	10,180	7,638	7,433
PS1 100/100 guarantee policy	13,164	16,946	21,510	27,294	15,647	259	293	358	403	243
PS2 75/75 guarantee policy	14,755	7,520	7,761	8,734	8,153	374	163	158	154	147
PS2 75/100 guarantee policy	35,423	35,111	33,898	37,941	38,768	898	763	690	667	697
PS 75/75 guarantee policy	3,345	3,494	3,338	3,057	—	43	39	36	29	—
PS 75/100 guarantee policy	92,751	109,207	67,703	7,332	—	1,185	1,216	717	68	—
PPS 75/75 guarantee policy	9,197	9,248	9,301	—	—	120	104	99	—	—
PPS 75/100 guarantee policy	7,084	7,776	7,262	5,077	—	92	87	77	47	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	392.30	336.14	315.11	272.35	278.68	56.16	21.03
Individual	23.94	21.08	20.30	18.03	18.96	2.86	0.78
75/75 guarantee policy	20.02	17.60	16.92	15.00	15.76	2.42	0.68
75/100 guarantee policy	19.82	17.45	16.80	14.92	15.69	2.37	0.65
100/100 guarantee policy	19.41	17.12	16.52	14.69	15.47	2.29	0.60
PS1 75/75 guarantee policy	20.45	17.91	17.16	15.16	15.86	2.54	0.75
PS1 75/100 guarantee policy	20.12	17.65	16.95	15.00	15.72	2.47	0.70
PS1 100/100 guarantee policy	19.69	17.32	16.66	14.78	15.52	2.37	0.66
PS2 75/75 guarantee policy	25.36	21.72	20.35	17.58	17.99	3.64	1.37
PS2 75/100 guarantee policy	25.36	21.72	20.35	17.58	17.99	3.64	1.37
PS 75/75 guarantee policy	12.85	11.17	10.62	9.31	—	1.68	0.55
PS 75/100 guarantee policy	12.77	11.12	10.59	9.30	—	1.65	0.53
PPS 75/75 guarantee policy	13.00	11.26	10.67	—	—	1.74	0.59
PPS 75/100 guarantee policy	12.93	11.22	10.65	9.32	—	1.71	0.57

Balanced Growth Fund 2.02L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Growth Fund 2.02L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Growth Fund 2.02L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Growth Fund 2.02L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Balanced Growth Fund 2.02L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs..

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Balanced Growth Fund 2.02L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Balanced Growth Fund 2.02L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Balanced Growth Fund 2.02L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Balanced Growth Fund 2.02L

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Balanced Growth Fund 2.02L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Balanced Growth Fund 2.02L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.73	2.75	2.75	2.76	2.75
75/75 guarantee policy	2.58	2.58	2.58	2.63	2.70
75/100 guarantee policy	2.75	2.75	2.75	2.76	2.75
100/100 guarantee policy	2.91	2.92	2.92	2.93	2.92
PS1 75/75 guarantee policy	2.23	2.24	2.24	2.24	2.23
PS1 75/100 guarantee policy	2.40	2.40	2.41	2.41	2.40
PS1 100/100 guarantee policy	2.63	2.63	2.63	2.63	2.63
PS 75/75 guarantee policy	1.46	1.46	1.46	1.46	—
PS 75/100 guarantee policy	1.63	1.63	1.63	1.63	—
PPS 75/75 guarantee policy	1.12	1.12	1.12	—	—
PPS 75/100 guarantee policy	1.28	1.28	1.29	1.28	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	87.87	53.90	43.94	46.23	57.55

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

BALANCED (P) FUND

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced (P) Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced (P) Fund

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 3,320	\$ 2,748
Investment income due and accrued	217	233
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	30,464	34,240
Stocks	46,752	38,718
Investment fund units	—	—
Total investments	77,216	72,958
Total assets	\$ 80,753	\$ 75,939
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	33	54
Due to brokers	1,106	—
Due to outside parties	—	—
Derivatives (note 7)	4	—
Total liabilities excluding net assets attributable to contractholders	1,143	54
Net assets attributable to contractholders	\$ 79,610	\$ 75,885

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 10,506	\$ 4,623
Miscellaneous income (loss)	15	(139)
Total income	10,521	4,484
Expenses		
Management fees (note 8)	1,321	1,367
Transaction costs	21	21
Withholding taxes	19	32
Other	156	159
Total expenses	1,517	1,579
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 9,004	\$ 2,905

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 75,885	\$ 83,417
Contractholder deposits	1,936	2,289
Contractholder withdrawals	(7,215)	(12,726)
Increase (decrease) in net assets from operations attributable to contractholders	9,004	2,905
Change in net assets attributable to contractholders	3,725	(7,532)
Net assets attributable to contractholders - end of year	\$ 79,610	\$ 75,885

Balanced (P) Fund

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 9,004	\$ 2,905
Adjustments		
Add back amortization of premium (discount)	(33)	—
Realized (gains) losses	(5,887)	(2,143)
Unrealized (gains) losses	(2,694)	(338)
Gross proceeds of disposition of investments	70,429	42,116
Gross payments for the purchase of investments	(66,069)	(29,847)
Change in investment income due and accrued	16	26
Change in due from/to The Canada Life Assurance Company	(21)	53
Change in due from/to brokers	1,106	(124)
	5,851	12,648
Financing Activities		
Contractholder deposits	1,936	2,289
Contractholder withdrawals	(7,215)	(12,726)
	(5,279)	(10,437)
Net increase (decrease) in cash, short-term deposits and overdrafts	572	2,211
Cash, short-term deposits and overdrafts, beginning of year	2,748	537
Cash, short-term deposits and overdrafts, end of year	\$ 3,320	\$ 2,748
Supplementary cash flow information		
Interest income received	\$ 105	\$ 1,049
Dividend income received	1,058	1,117

Balanced (P) Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.95% 12-15-2025	140,000	146	143
Canada Housing Trust No. 1 2.90% 06-15-2024	485,000	513	504
Canada Housing Trust No. 1 Floating Rate 09-15-2026	800,000	800	802
Government of Canada 0.50% 11-01-2023	1,115,000	1,105	1,106
Government of Canada 0.75% 10-01-2024	593,000	584	588
Government of Canada 1.00% 09-01-2026	2,032,000	1,998	2,010
Government of Canada 1.50% 06-01-2031	454,000	450	457
Government of Canada 1.75% 12-01-2053	10,000	10	10
Government of Canada 2.00% 12-01-2051	165,000	173	178
Government of Canada 3.00% 12-01-2036 Real Return	548,000	1,080	1,150
Total Federal Government		6,859	6,948
Provincial Governments			
Ontario Power Generation Inc. 3.215% 04-08-2030	40,000	43	42
Province of Alberta 2.55% 06-01-2027	275,000	270	287
Province of Alberta 2.95% 06-01-2052	220,000	225	239
Province of Alberta 3.05% 12-01-2048	30,000	31	33
Province of Alberta 3.10% 06-01-2050	141,000	150	157
Province of Alberta 3.45% 12-01-2043	150,000	159	172
Province of British Columbia 1.55% 06-18-2031	620,000	588	598
Province of British Columbia 2.30% 06-18-2026	235,000	235	243
Province of British Columbia 2.80% 06-18-2048	20,000	20	21
Province of British Columbia 2.85% 06-18-2025	385,000	399	404
Province of British Columbia 2.95% 06-18-2050	502,000	533	557
Province of Manitoba 2.05% 09-05-2052	70,000	57	63
Province of Manitoba 3.20% 03-05-2050	120,000	127	136
Province of Manitoba 5.70% 03-05-2037	165,000	196	233
Province of New Brunswick 2.35% 08-14-2027	245,000	241	253
Province of New Brunswick 4.55% 03-26-2037	135,000	129	171
Province of New Brunswick 5.50% 01-27-2034	102,000	104	136
Province of Nova Scotia 4.50% 06-01-2037	150,000	173	190
Province of Ontario 1.55% 11-01-2029	200,000	200	196
Province of Ontario 1.90% 12-02-2051	652,000	536	577
Province of Ontario 2.25% 12-02-2031	137,000	137	139
Province of Ontario 2.60% 06-02-2025	149,000	158	155
Province of Ontario 2.65% 12-02-2050	74,000	77	77

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Ontario 3.45% 06-02-2045	150,000	171	176
Province of Quebec 1.50% 09-01-2031	587,000	584	561
Province of Quebec 3.10% 12-01-2051	640,000	718	734
Province of Quebec 3.50% 12-01-2045	310,000	332	370
Province of Quebec 3.50% 12-01-2048	50,000	58	60
Province of Quebec 4.25% 12-01-2043	175,000	210	229
Province of Saskatchewan 2.15% 06-02-2031	130,000	130	131
Province of Saskatchewan 2.80% 12-02-2052	92,000	93	98
Province of Saskatchewan 3.10% 06-02-2050	60,000	64	67
Total Provincial Governments		7,148	7,505
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	100,000	102	101
407 International Inc. 4.19% 04-25-2042	110,000	115	129
407 International Inc. 5.96% 12-03-2035	95,000	120	129
Aéroports de Montreal 3.03% 04-21-2050	57,000	59	57
AIMCo Realty Investors LP 2.195% 11-04-2026	22,000	22	22
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	5,000	6	5
Algonquin Power Co. 2.85% 07-15-2031	22,000	22	22
Allied Properties REIT 1.726% 02-12-2026	9,000	9	9
AltaGas Ltd. 2.166% 03-16-2027	17,000	17	17
AltaLink LP 3.717% 12-03-2046	400,000	394	455
AltaLink LP 3.99% 06-30-2042	25,000	29	29
ARC Resources Ltd. 2.354% 03-10-2026	30,000	30	30
ARC Resources Ltd. 3.465% 03-10-2031	30,000	30	31
Bank of Montreal 1.551% 05-28-2026	42,000	42	41
Bank of Montreal 1.758% 03-10-2026	53,000	53	53
Bank of Montreal 1.928% 07-22-2031	35,000	35	34
BCI QuadReal Realty 1.056% 03-12-2024	16,000	16	16
BCI QuadReal Realty 1.073% 02-04-2026	23,000	23	22
BCIMC Realty Corp. 2.15% 08-11-2022	200,000	199	202
Bell Canada Inc. 1.65% 08-16-2027	5,000	5	5
Bell Canada Inc. 2.20% 05-29-2028	30,000	30	30
Bell Canada Inc. 2.90% 09-10-2029	23,000	23	24
Bell Canada Inc. 3.50% 09-30-2050	13,000	13	13
Bell Canada Inc. 4.45% 02-27-2047	10,000	12	11

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
BMW Canada Inc. 0.99% 01-14-2025	14,000	14	14
British Columbia Ferry Services Inc. 4.289% 04-28-2044	155,000	176	190
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	120,000	116	117
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	19,000	21	20
Brookfield Renewable Partners ULC 3.38% 01-15-2030	6,000	7	6
Brookfield Renewable Partners ULC 4.25% 01-15-2029	143,000	163	159
Bruce Power LP 4.00% 06-21-2030	26,000	29	29
Bruce Power LP 4.132% 06-21-2033	98,000	98	109
Calgary Airport Authority 3.199% 10-07-2036	10,000	10	10
Canada Housing Trust No. 1 Floating Rate 03-15-2026	430,000	432	431
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	30,000	30	29
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	384,000	386	379
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	237,000	240	238
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	25,000	25	25
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	68,000	68	68
Canadian Imperial Bank of Commerce Floating Rate 06-10-2024	134,000	134	134
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	44,000	44	44
Canadian National Railway Co. 3.00% 02-08-2029	185,000	190	194
Canadian Natural Resources Ltd. 3.55% 06-03-2024	325,000	328	337
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	56,000	56	57
Canadian Tire Corp. Ltd. 5.61% 09-04-2035	240,000	241	278
Canadian Western Bank 1.926% 04-16-2026	32,000	32	32
Canadian Western Bank 2.606% 01-30-2025	14,000	14	14
Canadian Western Bank Floating Rate 01-22-2024	50,000	50	50
Capital Power Corp. 4.284% 09-18-2024	32,000	35	34
CDP Financial Inc. 1.50% 10-19-2026	60,000	60	60
CGI Inc. 2.10% 09-18-2028	15,000	15	15
Choice Properties REIT 2.456% 11-30-2026	12,000	12	12
Choice Properties REIT 2.848% 05-21-2027	23,000	24	24
Cogeco Communications Inc. 2.991% 09-22-2031	23,000	23	23
Crombie REIT 2.686% 03-31-2028	45,000	45	45
Crombie REIT 3.133% 08-12-2031	11,000	11	11
CU Inc. 4.085% 09-02-2044	20,000	22	23
CU Inc. 4.543% 10-24-2041	45,000	48	55
CU Inc. 5.556% 10-30-2037	100,000	127	134
Dream Industrial REIT 1.662% 12-22-2025	15,000	15	15
Dream Industrial REIT 2.057% 06-17-2027	20,000	20	20

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Dream Industrial REIT 2.539% 12-07-2026	16,000	16	16
Enbridge Gas Inc. 3.20% 09-15-2051	9,000	9	9
Enbridge Inc. 3.10% 09-21-2033	37,000	37	37
Enbridge Inc. 5.375% 09-27-2077	260,000	273	275
Enbridge Inc. 6.625% 04-12-2078	100,000	116	113
Enbridge Pipelines Inc. 4.33% 02-22-2049	20,000	21	22
Enbridge Pipelines Inc. 5.33% 04-06-2040	100,000	102	120
Energir Inc. 2.10% 04-16-2027	46,000	47	46
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	57,000	57	59
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	66,000	71	71
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	23,000	23	23
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	50,000	53	51
Fortified Trust 1.964% 10-23-2026	50,000	50	50
Granite REIT Holdings LP 2.194% 08-30-2028	25,000	25	25
Greater Toronto Airports Authority 2.75% 10-17-2039	165,000	165	163
Greater Toronto Airports Authority 5.30% 02-25-2041	130,000	154	175
Greater Toronto Airports Authority 6.47% 02-02-2034	70,000	75	96
Greater Toronto Airports Authority 6.98% 10-15-2032	120,000	131	167
H&R REIT 2.633% 02-19-2027	40,000	40	40
H&R REIT 2.906% 06-02-2026	67,000	69	68
H&R REIT 4.071% 06-16-2025	65,000	70	69
Honda Canada Finance Inc. 1.337% 03-17-2026	30,000	30	29
Honda Canada Finance Inc. 1.646% 02-25-2028	40,000	40	39
Honda Canada Finance Inc. Floating Rate 02-26-2024	37,000	37	37
Hydro One Inc. 2.23% 09-17-2031	34,000	34	34
Hydro One Inc. 3.10% 09-15-2051	10,000	10	10
Hydro One Inc. 5.36% 05-20-2036	260,000	291	339
Hyundai Capital Canada Inc. 2.008% 05-12-2026	19,000	19	19
Intact Financial Corp. 2.179% 05-18-2028	19,000	19	19
Intact Financial Corp. 4.125% 03-31-2081	7,000	7	7
Inter Pipeline Ltd. 2.608% 09-13-2023	130,000	134	132
Inter Pipeline Ltd. 3.484% 12-16-2026	43,000	46	44
Interprovincial Pipe Line Ltd. 8.20% 02-15-2024	99,000	117	112
John Deere Financial Inc. 1.63% 04-09-2026	9,000	9	9
Keyera Corp. 3.959% 05-29-2030	50,000	53	53
Laurentian Bank of Canada 1.15% 06-03-2024	25,000	25	25
Laurentian Bank of Canada 1.603% 05-06-2026	8,000	8	8

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Loblaw Companies Ltd. 6.85% 03-01-2032	159,000	161	208
Lower Mattagami Energy LP 2.433% 05-14-2031	25,000	25	25
Manulife Bank of Canada 1.536% 09-14-2026	35,000	35	34
Manulife Financial Corp. 4.10% 03-19-2082	27,000	27	27
Morgan Stanley Floating Rate 03-21-2025	227,000	227	227
National Bank of Canada 1.534% 06-15-2026	22,000	22	22
National Bank of Canada 2.237% 11-04-2026	30,000	30	30
National Bank of Canada 2.545% 07-12-2024	167,000	175	171
National Bank of Canada 2.58% 02-03-2025	109,000	111	112
North West Redwater Partnership 2.80% 06-01-2027	35,000	36	36
North West Redwater Partnership 3.20% 04-24-2026	330,000	337	344
North West Redwater Partnership 3.70% 02-23-2043	185,000	182	192
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	55,000	55	55
Ottawa MacDonald-Cartier International Airport Authority 6.973% 05-25-2032	46,435	46	57
Pembina Pipeline Corp. 3.53% 12-10-2031	20,000	20	20
Pembina Pipeline Corp. 4.54% 04-03-2049	10,000	10	11
Pembina Pipeline Corp. 4.74% 01-21-2047	9,000	10	10
Pembina Pipeline Corp. 4.75% 03-26-2048	134,000	141	147
Pembina Pipeline Corp. 4.81% 03-25-2044	110,000	117	120
Prime Structured Mortgage Trust 1.856% 11-15-2024	34,000	34	34
Reliance LP 2.67% 08-01-2028	26,000	26	26
Reliance LP 2.68% 12-01-2027	33,000	33	33
RioCan REIT 2.829% 11-08-2028	11,000	11	11
Royal Bank of Canada 1.67% 01-28-2033	49,000	49	47
Royal Bank of Canada 1.833% 07-31-2028	55,000	55	54
Royal Bank of Canada 2.088% 06-30-2030	404,000	411	404
Royal Bank of Canada 2.14% 11-03-2031	43,000	43	43
Royal Bank of Canada 2.328% 01-28-2027	254,000	262	257
Sagen MI Canada Inc. 3.261% 03-05-2031	23,000	23	23
Sagen MI Canada Inc. 4.95% 03-24-2081	17,000	17	17
Saputo Inc. 2.297% 06-22-2028	13,000	13	13
Saputo Inc. 2.876% 11-19-2024	232,000	245	238
Sienna Senior Living Inc. 2.82% 03-31-2027	9,000	9	9
Summit Industrial Income REIT 1.82% 04-01-2026	67,000	66	66
Summit Industrial Income REIT 2.25% 01-12-2027	13,000	13	13
Summit Industrial Income REIT 2.44% 07-14-2028	13,000	13	13
Sun Life Financial Inc. 2.58% 05-10-2032	385,000	397	392

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Sun Life Financial Inc. 2.80% 11-21-2033	49,000	49	50
Sun Life Financial Inc. 3.60% 06-30-2081	31,000	31	30
Sun Life Financial Inc. Floating Rate 09-19-2028	275,000	276	282
Suncor Energy Inc. 3.10% 05-24-2029	225,000	234	232
Suncor Energy Inc. 3.95% 03-04-2051	17,000	17	17
TELUS Corp. 2.05% 10-07-2030	33,000	31	31
TELUS Corp. 2.85% 11-13-2031	23,000	23	23
TELUS Corp. 3.15% 02-19-2030	36,000	38	37
TELUS Corp. 3.30% 05-02-2029	66,000	70	69
TELUS Corp. 3.95% 02-16-2050	31,000	33	32
TELUS Corp. 4.85% 04-05-2044	115,000	140	133
The 55 School Board Trust 5.90% 06-02-2033	217,000	221	289
The Bank of Nova Scotia 1.40% 11-01-2027	105,000	102	101
The Bank of Nova Scotia 2.16% 02-03-2025	30,000	31	30
The Bank of Nova Scotia 3.10% 02-02-2028	210,000	209	224
The Bank of Nova Scotia 3.70% 07-27-2081	55,000	55	54
The Bank of Nova Scotia Floating Rate 08-04-2026	53,000	53	53
The Empire Life Insurance Co. 3.625% 04-17-2026	13,000	13	13
The Independent Order of Foresters 2.885% 10-15-2035	23,000	23	23
The Toronto-Dominion Bank 1.888% 03-08-2028	130,000	130	128
The Toronto-Dominion Bank 1.896% 09-11-2028	62,000	62	61
The Toronto-Dominion Bank 2.85% 03-08-2024	100,000	101	103
The Toronto-Dominion Bank 3.06% 01-26-2032	120,000	120	124
The Toronto-Dominion Bank 3.105% 04-22-2030	230,000	241	238
The Toronto-Dominion Bank 3.60% 10-31-2081	32,000	32	31
Thomson Reuters Corp. 2.239% 05-14-2025	74,000	76	75
TMX Group Ltd. 2.016% 02-12-2031	15,000	15	15
Toronto Hydro Corp. 2.47% 10-20-2031	19,000	19	19
Tourmaline Oil Corp. 2.077% 01-25-2028	11,000	11	11
Tourmaline Oil Corp. 2.529% 02-12-2029	13,000	13	13
Toyota Credit Canada Inc. 1.18% 02-23-2026	30,000	30	29
TransCanada PipeLines Ltd. 3.30% 07-17-2025	77,000	84	80
TransCanada PipeLines Ltd. 3.80% 04-05-2027	150,000	164	160
TransCanada PipeLines Ltd. 4.18% 07-03-2048	10,000	11	10
TransCanada PipeLines Ltd. 6.50% 12-09-2030	72,000	68	88
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	140,000	147	144
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	52,000	52	52

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
TransCanada Trust 4.20% 03-04-2081	57,000	57	56
Transcontinental Inc. 2.28% 07-13-2026	9,000	9	9
Union Gas Ltd. 2.88% 11-22-2027	100,000	100	104
Ventas Canada Finance Ltd. 2.45% 01-04-2027	22,000	22	22
Ventas Canada Finance Ltd. 2.80% 04-12-2024	47,000	48	48
Ventas Canada Finance Ltd. 3.30% 12-01-2031	24,000	24	24
Waste Management of Canada Corp. 2.60% 09-23-2026	55,000	58	56
WSP Global Inc. 2.408% 04-19-2028	50,000	50	50
Total Corporate - Non-convertible		14,130	14,547
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	15,000	6	6
Laurentian Bank of Canada 0.878% 03-01-2026	170,000	161	159
Merrill Lynch 0.988% 03-01-2026	80,000	74	73
Scotia Capital Inc. 0.89% 09-01-2026	23,000	22	22
Total Mortgage Backed		263	260
Total Canadian Bonds		28,400	29,260
United States Bonds			
Corporate - Non-convertible			
Athene Global Funding Floating Rate 04-09-2024	61,000	61	61
Bank of America Corp. 1.978% 09-15-2027	19,000	19	19
Bank of America Corp. 2.598% 04-04-2029	329,000	336	332
Bank of America Corp. Floating Rate 09-15-2027	35,000	35	35
Goldman Sachs Group Inc. Floating Rate 04-29-2025	75,000	75	75
Inter-American Development Bank 4.40% 01-26-2026	124,000	121	138
Nestle Holdings Inc. 2.192% 01-26-2029	26,000	26	26
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	17,000	20	21
The Goldman Sachs Group Inc. 2.599% 11-30-2027	49,000	49	50
The Walt Disney Co. 3.057% 03-30-2027	136,000	144	141
Verizon Communications Inc. 2.375% 03-22-2028	120,000	119	120

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Wells Fargo & Co. 2.975% 05-19-2026	20,000	22	21
Total Corporate - Non-convertible		1,027	1,039
Total United States Bonds		1,027	1,039
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	20,000	22	22
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	18,000	23	22
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	38,000	38	38
Heathrow Funding Ltd. 3.726% 04-13-2033	30,000	31	31
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	9,000	11	11
United Kingdom			
National Grid Electricity Transmission PLC 2.301% 06-22-2029	41,000	41	41
Total Global Bonds		166	165
Total Bonds		29,593	30,464
Canadian Common Stock			
Communication Services			
Rogers Communications Inc. Class B non-voting	2,999	193	181
TELUS Corp.	14,784	390	440
TELUS International Inc.	4,799	178	201
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	2,345	411	425
Dollarama Inc.	5,365	285	340
Gildan Activewear Inc.	5,976	215	320

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Canadian Common Stock (continued)			
Consumer Discretionary (continued)			
Linamar Corp.	4,097	296	307
Sleep Country Canada Holdings Inc.	9,121	246	342
Consumer Staples			
Alimentation Couche-Tard Inc.	20,746	675	1,100
Empire Co. Ltd. Class A non-voting	14,447	517	557
Loblaw Companies Ltd.	7,156	415	742
Energy			
Canadian Natural Resources Ltd.	17,950	688	959
Cenovus Energy Inc.	10,400	87	161
Enbridge Inc. [CAD]	11,608	564	574
Suncor Energy Inc.	17,843	662	565
TC Energy Corp.	9,645	557	567
Tourmaline Oil Corp.	5,418	146	221
Exchange Traded Funds			
Mackenzie Emerging Markets Bond Index ETF *	1,738	169	164
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3,695	347	315
Mackenzie US Large Cap Index ETF *	8,034	1,138	1,407
Financials			
Bank of Montreal	5,208	447	709
Brookfield Asset Management Inc.	11,246	344	859
Canadian Western Bank	8,799	272	319
Definity Financial Corp.	4,823	106	142
ECN Capital Corp.	43,528	125	232
iA Financial Corp. Inc.	7,425	406	537
Intact Financial Corp.	2,717	315	447
Manulife Financial Corp.	22,017	460	531
Onex Corp. sub. voting	1,625	146	161
Royal Bank of Canada	15,725	1,436	2,112
Sun Life Financial Inc.	10,405	631	733
The Bank of Nova Scotia	13,111	872	1,175
The Toronto-Dominion Bank	21,285	1,218	2,065

*The issuer of this security is a related company to the issuer of the Fund.

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Canadian Common Stock (continued)			
Health Care			
DRI Healthcare Trust	13,915	149	94
Jamieson Wellness Inc.	3,633	139	146
Industrials			
Bombardier Inc. Class B sub. voting	60,635	52	102
CAE Inc.	11,797	416	376
Canadian National Railway Co.	7,343	749	1,142
Canadian Pacific Railway Ltd.	11,755	690	1,070
SNC-Lavalin Group Inc.	8,136	305	251
Stantec Inc.	3,160	136	225
Transcontinental Inc. Class A sub. voting	7,399	157	150
WSP Global Inc.	1,816	224	333
Information Technology			
CGI Group Inc. Class A sub. voting	4,952	394	554
Open Text Corp.	5,714	225	343
Materials			
Agnico Eagle Mines Ltd.	6,912	621	464
Barrick Gold Corp.	11,548	300	278
Cascades Inc.	7,420	115	104
CCL Industries Inc. Class B non-voting	5,787	352	393
Kinross Gold Corp.	36,115	333	265
Nutrien Ltd. [CAD]	8,214	474	781
Sabina Gold & Silver Corp.	26,891	77	39
SSR Mining Inc.	4,345	86	97
Teck Resources Ltd. Class B	9,639	257	351
Real Estate			
Allied Properties REIT	3,810	148	167
Boardwalk REIT	12,426	448	681
CT REIT	9,892	156	171
Dream Office REIT	7,965	162	196

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Canadian Common Stock (continued)			
Utilities			
Capital Power Corp.	8,612	316	340
Fortis Inc.	3,779	195	231
Northland Power Inc.	8,976	287	341
TransAlta Corp.	19,525	215	274
Total Canadian Common Stock		23,135	29,869
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	192	224	704
Consumer Discretionary			
Amazon.com Inc.	75	188	316
Starbucks Corp.	2,258	333	334
Consumer Staples			
Costco Wholesale Corp.	476	279	342
PepsiCo Inc.	1,539	310	338
Exchange Traded Funds			
SPDR S&P 500 ETF TRUST	568	314	341
Financials			
CME Group Inc.	585	134	169
Moody's Corp.	995	411	492
Nasdaq Inc.	2,054	362	546
Signature Bank	1,104	221	452
SVB Financial Group	268	163	230
Health Care			
Charles River Laboratories International Inc.	804	338	383
Stryker Corp.	2,012	617	681
Thermo Fisher Scientific Inc.	614	413	518
Industrials			
Danaher Corp.	1,783	545	742
Equifax Inc.	1,869	502	692

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United States Common Stock (continued)			
Industrials (continued)			
Verisk Analytics Inc. Class A	575	147	166
Information Technology			
Adobe Inc.	443	131	318
Amphenol Corp. Class A	6,285	518	695
Autodesk Inc.	886	337	315
Automatic Data Processing Inc.	1,650	491	515
Keysight Technologies Inc.	3,039	534	794
Microsoft Corp.	2,342	472	996
ON Semiconductor Corp.	4,185	326	360
Roper Industries Inc.	434	232	270
Synopsys Inc.	1,448	473	675
Texas Instruments Inc.	1,150	250	274
Total United States Common Stock		9,265	12,658
Global Common Stock			
France			
Schneider Electric SA	2,101	397	521
Hong Kong			
Techtronic Industries Co. Ltd.	15,304	299	385
Ireland			
Accenture PLC Class A	1,747	582	916
Aon Corp.	1,959	518	745
Steris PLC	1,638	417	504
Trane Technologies PLC	2,438	470	623
Switzerland			
Alcon Inc. ADR	4,819	408	531
Total Global Common Stock		3,091	4,225
Total Stocks		35,491	46,752

Balanced (P) Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(23)	CAD 120.40	US 5YR NOTE 31/03/2022	March 31, 2022	CAD 2,782	CAD 120.98	(2)
(1)	CAD 193.54	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 197	CAD 197.13	(2)
Derivatives - Liabilities						(4)
Total Futures Contracts						(4)

Total Derivative Instruments at Fair Value (4)

Total Investments 65,084 77,212

Balanced (P) Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Balanced (P) Fund (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Balanced (P) Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 16,031	\$ 308	\$ 16,339	\$	163
Other Currencies	906	—	906		9
Total	\$ 16,937	\$ 308	\$ 17,245	\$	172
As Percent of Net Assets Attributable to Contractholders			21.7%		0.2%

*Includes both monetary and non-monetary instruments

2020					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 14,625	\$ 1,228	\$ 15,853	\$	159
Total	\$ 14,625	\$ 1,228	\$ 15,853	\$	159
As Percent of Net Assets Attributable to Contractholders			20.9%		0.2%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 202	\$ 10,781	\$ 8,086	\$ 11,395	\$ 30,464

2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 1,446	\$ 12,729	\$ 6,167	\$ 13,898	\$ 34,240

Balanced (P) Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$2,268 (\$2,771 at December 31, 2020) or approximately 2.8% (3.7% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 9)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	7.9	3.1	5.0	2.2
AA	32.1	12.3	40.7	18.4
A	31.5	12.1	40.9	18.5
BBB	28.2	10.8	13.4	6.1
BB and lower	0.1	—	—	—
NR *	0.2	0.1	—	—
Total	100.0	38.4	100.0	45.2

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

Balanced (P) Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$468 (\$387 at December 31, 2020) or approximately 0.6% (0.5% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets and Liabilities Measured at Fair Value			
		Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Bonds	\$	—	\$ 30,464	\$ —	\$ 30,464
Stocks		46,752	—	—	46,752
Total assets measured at fair value	\$	46,752	\$ 30,464	\$ —	\$ 77,216
Liabilities measured at fair value					
Derivatives ⁽¹⁾	\$	4	\$ —	\$ —	\$ 4
Net assets attributable to contractholders measured at fair value	\$	46,748	\$ 30,464	\$ —	\$ 77,212

⁽¹⁾ Excludes collateral pledged to counterparties of \$101.

		2020			
		Assets Measured at Fair Value			
		Level 1	Level 2	Level 3	Total
Bonds	\$	—	\$ 34,240	\$ —	\$ 34,240
Stocks		38,718	—	—	38,718
Derivatives		—	—	—	—
Total assets measured at fair value	\$	38,718	\$ 34,240	\$ —	\$ 72,958

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Balanced (P) Fund

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	2,338,691	2,445,391	2,671,500	2,779,555	3,979,649	34,840	31,815	32,711	29,886	43,565
Individual	476,420	572,426	704,423	844,386	930,040	10,866	11,714	13,938	15,073	17,370
75/75 guarantee policy	160,680	169,752	192,763	210,483	185,710	3,033	2,870	3,146	3,094	2,853
75/100 guarantee policy	1,028,644	1,134,341	1,383,229	1,398,600	1,181,755	19,224	19,021	22,427	20,458	18,085
100/100 guarantee policy	19,983	31,736	34,544	38,871	41,633	367	524	552	561	630
PS1 75/75 guarantee policy	115,415	125,691	168,742	160,723	144,683	2,154	2,093	2,702	2,308	2,162
PS1 75/100 guarantee policy	426,820	402,358	443,442	397,050	337,991	7,839	6,604	7,010	5,640	5,003
PS1 100/100 guarantee policy	10,773	10,532	8,937	9,868	7,494	194	170	139	138	110
PS2 75/75 guarantee policy	17,614	24,048	15,361	21,199	20,899	406	483	290	352	353
PS2 75/100 guarantee policy	3,310	3,383	3,457	4,175	4,266	76	69	65	69	72
PS 75/100 guarantee policy	39,293	37,370	31,465	9,640	—	487	411	331	91	—
PPS 75/100 guarantee policy	9,886	9,942	9,999	4,354	—	124	111	106	41	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	14.90	13.01	12.24	10.75	10.95	1.89	0.77
Individual	22.81	20.46	19.79	17.85	18.68	2.35	0.67
75/75 guarantee policy	18.88	16.91	16.32	14.70	15.36	1.97	0.59
75/100 guarantee policy	18.69	16.77	16.21	14.63	15.30	1.92	0.56
100/100 guarantee policy	18.37	16.51	15.99	14.45	15.14	1.86	0.52
PS1 75/75 guarantee policy	18.67	16.65	16.01	14.36	14.94	2.02	0.64
PS1 75/100 guarantee policy	18.37	16.41	15.81	14.20	14.80	1.96	0.60
PS1 100/100 guarantee policy	17.97	16.10	15.54	13.99	14.62	1.87	0.56
PS2 75/75 guarantee policy	23.01	20.09	18.90	16.59	16.89	2.92	1.19
PS2 75/100 guarantee policy	23.01	20.09	18.90	16.59	16.89	2.92	1.19
PS 75/100 guarantee policy	12.40	11.01	10.52	9.39	—	1.39	0.49
PPS 75/100 guarantee policy	12.58	11.12	10.59	9.41	—	1.46	0.53

Balanced (P) Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced (P) Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced (P) Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced (P) Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Balanced (P) Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Balanced (P) Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Balanced (P) Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Balanced (P) Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Balanced (P) Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Balanced (P) Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Balanced (P) Fund

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.74	2.74	2.75	2.77	2.76
75/75 guarantee policy	2.57	2.57	2.58	2.63	2.70
75/100 guarantee policy	2.74	2.74	2.74	2.76	2.76
100/100 guarantee policy	2.90	2.89	2.90	2.92	2.91
PS1 75/75 guarantee policy	2.17	2.17	2.18	2.19	2.18
PS1 75/100 guarantee policy	2.34	2.34	2.35	2.36	2.35
PS1 100/100 guarantee policy	2.56	2.56	2.57	2.58	2.58
PS 75/100 guarantee policy	1.62	1.62	1.63	1.63	—
PPS 75/100 guarantee policy	1.22	1.22	1.23	1.23	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	86.45	39.21	37.94	50.28	55.63

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

INTERNATIONAL EQUITY FUND

December 31, 2021

Independent Auditor's Report

To the Contractholders of International Equity Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

International Equity Fund

(in Canadian \$ thousands)

Fund Manager: J.P. Morgan Asset Management

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 5,682	\$ 2,794
Investment income due and accrued	103	110
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	491	491
Investments		
Bonds	—	—
Stocks	311,750	250,631
Investment fund units	—	—
Total investments	311,750	250,631
Total assets	\$ 318,026	\$ 254,026
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	47	25
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	47	25
Net assets attributable to contractholders	\$ 317,979	\$ 254,001

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 34,923	\$ 26,489
Miscellaneous income (loss)	(365)	141
Total income	34,558	26,630
Expenses		
Management fees (note 7)	2,258	2,053
Transaction costs	209	184
Withholding taxes	779	542
Other	260	235
Total expenses	3,506	3,014
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 31,052	\$ 23,616

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 254,001	\$ 266,272
Contractholder deposits	77,928	13,946
Contractholder withdrawals	(45,002)	(49,833)
Increase (decrease) in net assets from operations attributable to contractholders	31,052	23,616
Change in net assets attributable to contractholders	63,978	(12,271)
Net assets attributable to contractholders - end of year	\$ 317,979	\$ 254,001

International Equity Fund

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 31,052	\$ 23,616
Adjustments		
Realized (gains) losses	(17,870)	(12,872)
Unrealized (gains) losses	(9,416)	(8,468)
Gross proceeds of disposition of investments	85,334	102,568
Gross payments for the purchase of investments	(119,167)	(68,859)
Change in investment income due and accrued	7	51
Change in due from/to The Canada Life Assurance Company	22	(53)
	(30,038)	35,983
Financing Activities		
Contractholder deposits	77,928	13,946
Contractholder withdrawals	(45,002)	(49,833)
	32,926	(35,887)
Net increase (decrease) in cash, short-term deposits and overdrafts	2,888	96
Cash, short-term deposits and overdrafts, beginning of year	2,794	2,698
Cash, short-term deposits and overdrafts, end of year	\$ 5,682	\$ 2,794
Supplementary cash flow information		
Dividend income received	\$ 7,644	\$ 5,200

International Equity Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock			
Australia			
BHP Group Ltd.	136,231	4,226	5,200
Austria			
Erste Group Bank AG	56,007	2,379	3,328
Belgium			
KBC Group NV	39,536	3,666	4,293
Cayman Islands			
Sea Ltd. ADR	7,755	2,228	2,195
Tencent Holdings Ltd.	29,600	1,974	2,194
Denmark			
Carlsberg AS	16,505	3,204	3,584
Coloplast AS	10,249	2,310	2,266
Genmab AS	4,029	2,012	2,039
Novo Nordisk AS	63,939	3,932	9,036
Orsted AS	12,440	1,984	2,019
Finland			
Kone OYJ	36,344	3,093	3,267
France			
AXA SA	107,319	3,359	4,044
BNP Paribas SA	44,051	3,386	3,852
Capgemini SA	18,774	3,226	5,822
Kering SA	4,140	3,354	4,211
L'Oreal SA	8,738	3,335	5,243
LVMH Moet Hennessy Louis Vuitton SE	8,135	2,986	8,511
Pernod Ricard SA *	13,133	2,026	3,997
Safran SA	20,649	2,820	3,199
Schneider Electric SA	25,409	3,016	6,306
TotalEnergies SE	126,002	8,615	8,092
Vinci SA	34,317	4,652	4,588

*The issuer of this security is a related company to the issuer of the Fund.

International Equity Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Germany			
Adidas AG	10,495	3,680	3,826
Allianz SE	15,106	3,018	4,514
Delivery Hero SE	19,188	3,080	2,708
Deutsche Boerse AG	14,648	2,769	3,102
Muenchener Rueckversicherungs-Gesellschaft AG	8,226	2,661	3,085
RWE AG	55,305	3,013	2,840
Symrise AG	19,454	2,764	3,647
Volkswagen AG	11,749	4,027	3,001
Hong Kong			
AIA Group Ltd.	410,600	4,366	5,236
Hong Kong Exchanges and Clearing Ltd.	46,800	2,439	3,458
India			
HDFC Bank Ltd. ADR	29,217	1,183	2,405
Ireland			
Linde PLC [EUR]	11,405	2,562	5,022
Japan			
Daikin Industries Ltd.	13,600	1,894	3,902
Fanuc Corp.	9,400	1,997	2,520
Hoya Corp.	29,200	3,808	5,475
Keyence Corp.	9,200	3,515	7,312
Kubota Corp.	111,400	1,768	3,128
Kyowa Kirin Co. Ltd.	73,400	2,969	2,530
Makita Corp.	46,300	1,937	2,486
Nidec Corp.	25,700	2,229	3,821
Recruit Holdings Co. Ltd.	47,400	2,402	3,634
Shin-Etsu Chemical Co. Ltd.	17,000	1,652	3,724
SMC Corp.	5,222	2,422	4,455
Sony Group Corp.	42,800	3,499	6,842
Sysmex Corp.	16,600	2,136	2,828
Tokyo Electron Ltd.	6,100	2,272	4,416
Jersey			
Ferguson PLC	25,369	3,170	5,691

International Equity Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Netherlands			
Adyen BV	889	2,513	2,940
ASML Holding NV	9,118	2,297	9,190
ING Groep NV	176,150	2,767	3,103
Singapore			
DBS Group Holdings Ltd.	170,600	3,909	5,227
South Korea			
Samsung Electronics Co. Ltd. GDR	1,963	2,135	4,076
Spain			
Iberdrola SA	266,078	3,716	3,941
Industria de Diseno Textil SA	72,164	3,069	2,956
Sweden			
Assa Abloy AB	89,189	2,933	3,424
Atlas Copco AB Class A	51,387	2,699	4,495
Svenska Handelsbanken AB Class A	285,568	4,107	3,896
Volvo AB Series B	108,142	3,063	3,151
Switzerland			
Holcim Ltd.	14,989	950	964
Lonza Group AG	4,886	3,451	5,143
Nestle SA	61,587	7,109	10,879
Straumann Holding AG	926	1,664	2,473
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	20,469	1,052	3,115
United Kingdom			
Anglo American PLC	77,519	3,582	4,002
Diageo PLC	104,458	5,133	7,217
GlaxoSmithKline PLC	170,603	4,346	4,692
Intertek Group PLC	28,990	2,741	2,794
Legal & General Group PLC	517,421	2,427	2,635
London Stock Exchange Group PLC	20,361	2,120	2,415
Persimmon PLC	60,349	2,933	2,950

International Equity Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
United Kingdom (continued)			
Prudential PLC	151,977	3,173	3,316
RELX PLC	111,339	3,019	4,570
Rio Tinto PLC	36,214	2,547	3,033
Smith & Nephew PLC	102,014	2,575	2,259
Total Global Common Stock		227,045	311,750
Total Stocks		227,045	311,750
Total Investments		227,045	311,750

International Equity Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the International Equity Fund (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

International Equity Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 127,198	\$ 9	\$ 127,207	\$ 1,272
Japanese Yen	57,073	44	57,117	571
United Kingdom Pound Sterling	41,004	115	41,119	411
Swiss Franc	19,459	—	19,459	195
Other Currencies	67,016	69	67,085	671
Total	\$ 311,750	\$ 237	\$ 311,987	\$ 3,120
As Percent of Net Assets Attributable to Contractholders				98.1%
				1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 88,015	\$ 12	\$ 88,027	\$ 880
Japanese Yen	46,145	—	46,145	462
United Kingdom Pound Sterling	36,474	63	36,537	365
Swiss Franc	24,589	126	24,715	247
Other Currencies	55,408	112	55,520	555
Total	\$ 250,631	\$ 313	\$ 250,944	\$ 2,509
As Percent of Net Assets Attributable to Contractholders				98.8%
				1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$3,118 (\$2,506 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

International Equity Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Stocks	\$	161,094	\$ 150,656	\$ —	\$ 311,750
Total assets measured at fair value	\$	161,094	\$ 150,656	\$ —	\$ 311,750

		2020			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Stocks	\$	5,580	\$ 245,051	\$ —	\$ 250,631
Total assets measured at fair value	\$	5,580	\$ 245,051	\$ —	\$ 250,631

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

International Equity Fund

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	1,654,968	1,726,484	1,829,153	1,868,729	1,883,296	88,098	82,647	78,400	65,431	73,414
Individual	614,149	721,773	875,788	1,070,189	1,247,885	14,963	16,311	18,279	18,822	25,208
75/75 guarantee policy	255,279	281,627	321,381	360,688	289,947	5,324	5,436	5,717	5,394	4,969
75/100 guarantee policy	843,100	913,760	997,319	1,156,274	999,018	17,123	17,214	17,352	16,952	16,823
100/100 guarantee policy	33,077	36,799	43,564	48,502	46,727	639	663	728	686	762
PS1 75/75 guarantee policy	122,090	122,731	137,698	147,592	110,764	2,799	2,594	2,671	2,397	2,053
PS1 75/100 guarantee policy	678,812	643,509	623,307	684,934	534,953	15,067	13,211	11,784	10,880	9,732
PS1 100/100 guarantee policy	14,588	14,124	14,515	24,859	24,871	310	279	265	383	441
PS2 75/75 guarantee policy	66,314	57,447	61,494	64,130	140,536	1,937	1,508	1,445	1,230	3,001
PS2 75/100 guarantee policy	73,626	79,158	90,310	93,017	75,913	2,150	2,078	2,122	1,785	1,621
PS2 100/100 guarantee policy	41	6,312	—	—	—	1	166	—	—	—
PS 75/75 guarantee policy	9,480	8,036	7,045	4,786	—	121	94	75	42	—
PS 75/100 guarantee policy	9,518	11,942	11,259	8,333	—	121	139	120	74	—
PPS 75/75 guarantee policy	16,191	7,690	12,096	64	—	210	91	130	1	—
PPS 75/100 guarantee policy	10,320	5,087	5,067	4,544	—	132	60	54	40	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	53.23	47.87	42.86	35.01	38.98	5.36	5.01
Individual	24.36	22.60	20.87	17.59	20.20	1.76	1.73
75/75 guarantee policy	20.86	19.30	17.79	14.96	17.14	1.56	1.51
75/100 guarantee policy	20.31	18.84	17.40	14.66	16.84	1.47	1.44
100/100 guarantee policy	19.33	18.01	16.70	14.13	16.30	1.32	1.31
PS1 75/75 guarantee policy	22.92	21.13	19.40	16.24	18.54	1.79	1.73
PS1 75/100 guarantee policy	22.20	20.53	18.91	15.88	18.19	1.67	1.62
PS1 100/100 guarantee policy	21.26	19.75	18.27	15.42	17.74	1.51	1.48
PS2 75/75 guarantee policy	29.20	26.25	23.50	19.19	21.35	2.95	2.75
PS2 75/100 guarantee policy	29.20	26.25	23.50	19.19	21.35	2.95	2.75
PS2 100/100 guarantee policy	29.21	26.25	—	—	—	2.96	2.75
PS 75/75 guarantee policy	12.79	11.70	10.67	8.87	—	1.09	1.03
PS 75/100 guarantee policy	12.69	11.64	10.63	8.86	—	1.05	1.01
PPS 75/75 guarantee policy	12.97	11.82	10.73	8.88	—	1.15	1.09
PPS 75/100 guarantee policy	12.82	11.72	10.68	8.87	—	1.10	1.04

International Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

International Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

International Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

International Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

International Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

International Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

International Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

International Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

International Equity Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

International Equity Fund

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.14	3.14	3.15	3.16	3.15
75/75 guarantee policy	2.92	2.92	2.92	2.93	2.93
75/100 guarantee policy	3.14	3.14	3.15	3.15	3.14
100/100 guarantee policy	3.57	3.57	3.57	3.58	3.57
PS1 75/75 guarantee policy	2.52	2.52	2.52	2.52	2.51
PS1 75/100 guarantee policy	2.85	2.85	2.86	2.86	2.85
PS1 100/100 guarantee policy	3.30	3.30	3.31	3.31	3.29
PS 75/75 guarantee policy	1.80	1.80	1.80	1.79	—
PS 75/100 guarantee policy	2.02	2.02	2.03	2.02	—
PPS 75/75 guarantee policy	1.39	1.40	1.40	1.40	—
PPS 75/100 guarantee policy	1.73	1.73	1.74	1.73	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	28.91	28.61	25.11	29.83	32.37

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
NORTH AMERICAN EQUITY FUND 2.40BG

December 31, 2021

Independent Auditor's Report

To the Contractholders of North American Equity Fund 2.40BG (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

North American Equity Fund 2.40BG

(in Canadian \$ thousands)

Fund Manager: Beutel, Goodman & Company Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 6,692	\$ 14,156
Investment income due and accrued	1,271	998
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	768	1,000
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	642,270	548,030
Investment fund units	—	—
Total investments	642,270	548,030
Total assets	\$ 651,001	\$ 564,184
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	156	41
Due to brokers	253	221
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	409	262
Net assets attributable to contractholders	\$ 650,592	\$ 563,922

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 126,059	\$ 19,259
Miscellaneous income (loss)	19	41
Total income	126,078	19,300
Expenses		
Management fees (note 7)	9,666	8,468
Transaction costs	213	251
Withholding taxes	494	917
Other	1,100	971
Total expenses	11,473	10,607
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 114,605	\$ 8,693

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 563,922	\$ 604,200
Contractholder deposits	55,924	13,021
Contractholder withdrawals	(83,859)	(61,992)
Increase (decrease) in net assets from operations attributable to contractholders	114,605	8,693
Change in net assets attributable to contractholders	86,670	(40,278)
Net assets attributable to contractholders - end of year	\$ 650,592	\$ 563,922

North American Equity Fund 2.40BG

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 114,605	\$ 8,693
Adjustments		
Realized (gains) losses	(61,696)	(5,490)
Unrealized (gains) losses	(47,970)	5,815
Gross proceeds of disposition of investments	213,816	215,009
Gross payments for the purchase of investments	(198,390)	(175,051)
Change in investment income due and accrued	(273)	15
Change in due from/to The Canada Life Assurance Company	115	319
Change in due from/to brokers	264	(776)
	<u>20,471</u>	<u>48,534</u>
Financing Activities		
Contractholder deposits	55,924	13,021
Contractholder withdrawals	(83,859)	(61,992)
	<u>(27,935)</u>	<u>(48,971)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(7,464)	(437)
Cash, short-term deposits and overdrafts, beginning of year	<u>14,156</u>	<u>14,593</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ 6,692</u></u>	<u><u>\$ 14,156</u></u>
Supplementary cash flow information		
Dividend income received	\$ 16,106	\$ 19,519

North American Equity Fund 2.40BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	256,822	5,745	7,332
Rogers Communications Inc. Class B non-voting	384,700	21,186	23,170
TELUS Corp.	324,640	6,480	9,671
Consumer Discretionary			
BRP Inc.	26,660	2,752	2,954
Canadian Tire Corp. Ltd. Class A non-voting	65,251	8,349	11,839
Magna International Inc.	139,910	8,207	14,320
Restaurant Brands International Inc.	226,680	16,870	17,386
Consumer Staples			
Alimentation Couche-Tard Inc.	410,450	16,532	21,754
George Weston Ltd.	50,100	4,828	7,348
Loblaw Companies Ltd.	34,990	2,025	3,626
Metro Inc.	228,500	9,486	15,383
Saputo Inc.	396,560	14,958	11,302
Energy			
Hydro One Ltd.	160,240	3,932	5,273
Suncor Energy Inc.	447,620	16,002	14,167
TC Energy Corp.	337,010	18,781	19,826
Financials			
Bank of Montreal	87,890	8,710	11,970
Brookfield Asset Management Inc.	367,480	12,699	28,072
Manulife Financial Corp.	602,520	14,735	14,527
Onex Corp. sub. voting	87,310	6,509	8,668
Royal Bank of Canada	223,400	19,058	29,992
Sun Life Financial Inc.	292,720	14,630	20,610
The Bank of Nova Scotia	51,530	3,459	4,615
The Toronto-Dominion Bank	505,210	29,597	48,995
Industrials			
CAE Inc.	286,950	7,470	9,157
Canadian National Railway Co.	163,190	17,980	25,356
Canadian Pacific Railway Ltd.	159,810	11,185	14,540
Finning International Inc.	208,000	5,181	6,631

North American Equity Fund 2.40BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Industrials (continued)			
Ritchie Bros. Auctioneers Inc.	89,450	7,341	6,924
Information Technology			
Open Text Corp.	235,424	10,338	14,135
Materials			
CCL Industries Inc. Class B non-voting	188,670	8,322	12,797
Franco-Nevada Corp. [CAD]	25,810	2,976	4,515
Nutrien Ltd. [CAD]	156,754	9,417	14,904
Utilities			
Fortis Inc.	221,050	12,176	13,491
Total Canadian Common Stock		357,916	475,250
United States Common Stock			
Communication Services			
Comcast Corp. Class A	69,460	3,454	4,422
Omnicom Group Inc.	96,040	8,770	8,902
The Interpublic Group of Companies Inc.	74,650	3,476	3,537
Verizon Communications Inc.	112,160	7,642	7,372
Consumer Discretionary			
AutoZone Inc.	789	1,059	2,092
eBay Inc.	88,550	5,953	7,449
Gentex Corp.	88,400	3,956	3,897
Harley-Davidson Inc.	143,980	7,183	6,865
Polaris Inc.	41,620	6,766	5,787
Consumer Staples			
Campbell Soup Co.	136,760	8,021	7,519
Kellogg Co.	99,240	8,288	8,087
Kimberly-Clark Corp.	49,210	8,121	8,897
Financials			
American Express Co.	22,140	3,128	4,582
Ameriprise Financial Inc.	19,870	3,826	7,583

North American Equity Fund 2.40BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Financials (continued)			
SEI Investments Co.	59,250	4,125	4,568
Health Care			
AmerisourceBergen Corp.	36,730	4,393	6,175
Amgen Inc.	30,640	8,535	8,720
Biogen Inc.	18,730	6,742	5,685
Merck & Co. Inc.	89,670	8,926	8,694
Industrials			
Cummins Inc.	12,280	2,645	3,389
Flowserve Corp.	128,580	5,597	4,977
Ingersoll-Rand Inc.	41,068	1,801	3,214
MillerKnoll Inc.	107,670	5,770	5,338
Parker Hannifin Corp.	4,710	1,258	1,895
Wabtec Corp.	75,550	6,541	8,803
Information Technology			
NetApp Inc.	9,390	921	1,093
NortonLifeLock Inc.	227,340	6,588	7,472
Materials			
PPG Industries Inc.	7,740	1,065	1,688
Total United States Common Stock		144,550	158,702
Global Common Stock			
Guernsey			
Amdocs Ltd.	87,860	7,531	8,318
Total Global Common Stock		7,531	8,318
Total Stocks		509,997	642,270
Transaction Costs (see notes to financial statements (note 2))		(335)	
Total Investments		509,662	642,270

North American Equity Fund 2.40BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the North American Equity Fund 2.40BG (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 167,020	\$ 63	\$ 167,083	\$ 1,671
Total	\$ 167,020	\$ 63	\$ 167,083	\$ 1,671
As Percent of Net Assets Attributable to Contractholders			25.7%	0.3%

*Includes both monetary and non-monetary instruments

North American Equity Fund 2.40BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 145,052	\$ 69	\$ 145,121	\$	1,451
Total	\$ 145,052	\$ 69	\$ 145,121	\$	1,451
As Percent of Net Assets Attributable to Contractholders			25.7%		0.3%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$6,423 (\$5,480 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 642,270	\$ —	\$ —	\$ 642,270
Total assets measured at fair value	\$ 642,270	\$ —	\$ —	\$ 642,270

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 548,030	\$ —	\$ —	\$ 548,030
Total assets measured at fair value	\$ 548,030	\$ —	\$ —	\$ 548,030

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

North American Equity Fund 2.40BG

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	439,871	440,447	442,046	370,834	303,513	340,981	277,906	268,936	194,678	163,869
Individual	727,073	871,204	1,075,130	1,245,040	1,431,582	29,286	29,428	36,078	37,144	45,267
75/75 guarantee policy	1,227,421	1,367,352	1,548,025	1,519,357	1,350,095	32,726	30,507	34,240	29,813	28,029
75/100 guarantee policy	4,001,354	4,554,653	5,470,542	5,433,792	4,680,123	104,976	100,204	119,567	105,586	96,387
100/100 guarantee policy	108,593	134,575	166,595	176,441	160,657	2,722	2,840	3,506	3,314	3,210
PS1 75/75 guarantee policy	697,362	679,143	821,916	844,096	688,545	17,687	14,356	17,155	15,567	13,375
PS1 75/100 guarantee policy	3,359,253	3,421,961	3,882,524	3,821,530	3,516,465	83,388	70,957	79,669	69,445	67,460
PS1 100/100 guarantee policy	111,978	100,845	100,602	113,617	69,703	2,691	2,031	2,012	2,019	1,312
PS2 75/75 guarantee policy	216,467	241,714	314,931	330,231	295,887	6,924	6,291	7,900	7,145	6,582
PS2 75/100 guarantee policy	655,145	820,365	1,074,808	1,018,369	668,620	20,955	21,350	26,961	22,035	14,873
PS2 100/100 guarantee policy	83,725	92,177	95,619	98,238	23,619	2,678	2,399	2,399	2,126	525
PS 75/75 guarantee policy	34,539	36,671	40,322	17,980	—	450	395	426	167	—
PS 75/100 guarantee policy	134,555	141,813	145,124	46,040	—	1,739	1,520	1,528	426	—
PS 100/100 guarantee policy	3,241	1,707	1,717	1,341	—	41	18	18	12	—
PPS 75/75 guarantee policy	74,781	74,946	95,016	60,021	—	988	816	1,010	557	—
PPS 75/100 guarantee policy	69,696	109,992	114,932	55,377	—	913	1,191	1,217	514	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	775.18	630.97	608.39	524.97	539.91	144.21	22.58
Individual	40.28	33.78	33.56	29.83	31.62	6.50	0.22
75/75 guarantee policy	26.66	22.31	22.12	19.62	20.76	4.35	0.19
75/100 guarantee policy	26.24	22.00	21.86	19.43	20.60	4.24	0.14
100/100 guarantee policy	25.07	21.10	21.04	18.78	19.98	3.97	0.06
PS1 75/75 guarantee policy	25.36	21.14	20.87	18.44	19.43	4.22	0.27
PS1 75/100 guarantee policy	24.82	20.74	20.52	18.17	19.18	4.08	0.22
PS1 100/100 guarantee policy	24.03	20.14	20.00	17.77	18.82	3.89	0.14
PS2 75/75 guarantee policy	31.99	26.03	25.08	21.64	22.24	5.96	0.95
PS2 75/100 guarantee policy	31.99	26.03	25.08	21.64	22.24	5.96	0.95
PS2 100/100 guarantee policy	31.98	26.02	25.08	21.64	22.24	5.96	0.94
PS 75/75 guarantee policy	13.02	10.78	10.56	9.27	—	2.24	0.22
PS 75/100 guarantee policy	12.93	10.72	10.53	9.26	—	2.21	0.19
PS 100/100 guarantee policy	12.76	10.62	10.47	9.24	—	2.14	0.15
PPS 75/75 guarantee policy	13.21	10.88	10.63	9.29	—	2.33	0.25
PPS 75/100 guarantee policy	13.10	10.82	10.59	9.28	—	2.28	0.23

North American Equity Fund 2.40BG

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

North American Equity Fund 2.40BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

North American Equity Fund 2.40BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

North American Equity Fund 2.40BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

North American Equity Fund 2.40BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

North American Equity Fund 2.40BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

North American Equity Fund 2.40BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

North American Equity Fund 2.40BG

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

North American Equity Fund 2.40BG

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

North American Equity Fund 2.40BG

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.02	3.03	3.03	3.05	3.05
75/75 guarantee policy	2.81	2.81	2.82	2.87	2.94
75/100 guarantee policy	3.02	3.03	3.03	3.05	3.04
100/100 guarantee policy	3.40	3.41	3.41	3.43	3.43
PS1 75/75 guarantee policy	2.40	2.41	2.42	2.42	2.41
PS1 75/100 guarantee policy	2.63	2.63	2.64	2.65	2.64
PS1 100/100 guarantee policy	2.96	2.97	2.98	2.98	2.97
PS 75/75 guarantee policy	1.69	1.69	1.69	1.69	—
PS 75/100 guarantee policy	1.90	1.90	1.91	1.90	—
PS 100/100 guarantee policy	2.27	2.29	2.29	2.29	—
PPS 75/75 guarantee policy	1.29	1.29	1.29	1.29	—
PPS 75/100 guarantee policy	1.51	1.51	1.52	1.51	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	32.94	33.54	13.95	25.91	20.37

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

BALANCED FUND 2.39BG

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Fund 2.39BG (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Fund 2.39BG

(in Canadian \$ thousands)

Fund Manager: Beutel, Goodman & Company Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 24,302	\$ 32,636
Investment income due and accrued	4,577	4,089
Due from The Canada Life Assurance Company (note 7)	63	—
Due from brokers	1,129	2,947
Due from outside parties	1	1
Investments		
Bonds	517,090	493,757
Stocks	1,148,687	1,055,202
Investment fund units	—	—
Total investments	1,665,777	1,548,959
Total assets	\$ 1,695,849	\$ 1,588,632
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	23
Due to brokers	368	1,534
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	368	1,557
Net assets attributable to contractholders	\$ 1,695,481	\$ 1,587,075

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 209,229	\$ 106,610
Miscellaneous income (loss)	96	157
Total income	209,325	106,767
Expenses		
Management fees (note 7)	33,659	31,983
Transaction costs	434	627
Withholding taxes	1,408	2,979
Other	4,008	3,818
Total expenses	39,509	39,407
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 169,816	\$ 67,360

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 1,587,075	\$ 1,675,787
Contractholder deposits	135,928	30,821
Contractholder withdrawals	(197,338)	(186,893)
Increase (decrease) in net assets from operations attributable to contractholders	169,816	67,360
Change in net assets attributable to contractholders	108,406	(88,712)
Net assets attributable to contractholders - end of year	\$ 1,695,481	\$ 1,587,075

Balanced Fund 2.39BG

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 169,816	\$ 67,360
Adjustments		
Add back amortization of premium (discount)	—	(55)
Realized (gains) losses	(127,637)	(55,451)
Unrealized (gains) losses	(39,411)	3,936
Gross proceeds of disposition of investments	1,188,378	1,520,319
Gross payments for the purchase of investments	(1,138,148)	(1,388,014)
Change in investment income due and accrued	(488)	331
Change in due from/to The Canada Life Assurance Company	(86)	660
Change in due from/to brokers	652	(1,413)
	<u>53,076</u>	<u>147,673</u>
Financing Activities		
Contractholder deposits	135,928	30,821
Contractholder withdrawals	(197,338)	(186,893)
	<u>(61,410)</u>	<u>(156,072)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(8,334)	(8,399)
Cash, short-term deposits and overdrafts, beginning of year	32,636	41,035
Cash, short-term deposits and overdrafts, end of year	\$ 24,302	\$ 32,636
Supplementary cash flow information		
Interest income received	\$ 12,765	\$ 13,682
Dividend income received	28,879	41,475

Balanced Fund 2.39BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Government of Canada 0.50% 09-01-2025	3,423,000	3,312	3,342
Government of Canada 0.75% 10-01-2024	4,891,000	4,903	4,846
Government of Canada 1.25% 03-01-2027	6,835,000	6,821	6,821
Government of Canada 1.25% 06-01-2030	2,020,000	1,951	2,005
Government of Canada 1.50% 06-01-2023	9,615,000	9,715	9,703
Government of Canada 1.50% 06-01-2031	10,094,000	9,978	10,166
Government of Canada 2.00% 12-01-2051	10,048,000	10,213	10,813
Government of Canada 5.75% 06-01-2033	417,000	582	599
Total Federal Government		47,475	48,295
Provincial Governments			
Province of Alberta 2.05% 06-01-2030	11,166,000	11,496	11,219
Province of Alberta 2.35% 06-01-2025	1,666,000	1,770	1,716
Province of Alberta 2.90% 12-01-2028	8,541,000	8,913	9,124
Province of Alberta 2.95% 06-01-2052	936,000	957	1,018
Province of Alberta 3.10% 06-01-2050	9,446,000	10,588	10,493
Province of Alberta 3.90% 12-01-2033	615,000	699	718
Province of British Columbia 2.75% 06-18-2052	2,657,000	2,707	2,858
Province of British Columbia 2.80% 06-18-2048	620,000	591	665
Province of British Columbia 2.95% 06-18-2050	2,585,000	2,892	2,869
Province of Manitoba 4.40% 09-05-2025	625,000	719	689
Province of Ontario 1.05% 09-08-2027	7,703,000	7,672	7,437
Province of Ontario 1.35% 12-02-2030	5,743,000	5,612	5,449
Province of Ontario 1.85% 02-01-2027	4,296,000	4,530	4,347
Province of Ontario 1.90% 12-02-2051	18,397,000	16,336	16,271
Province of Ontario 2.25% 12-02-2031	11,874,000	11,825	12,053
Province of Ontario 2.40% 06-02-2026	439,000	466	455
Province of Ontario 2.60% 06-02-2025	4,696,000	4,865	4,876
Province of Ontario 2.60% 09-08-2023	2,600,000	2,721	2,666
Province of Ontario 3.45% 06-02-2045	15,053,000	17,292	17,665
Province of Ontario 3.50% 06-02-2024	9,781,000	10,511	10,292
Province of Ontario 3.50% 06-02-2043	10,836,000	13,074	12,703
Province of Ontario 4.70% 06-02-2037	1,444,000	1,824	1,877
Province of Quebec 1.50% 09-01-2031	4,648,000	4,365	4,445
Province of Quebec 2.85% 12-01-2053	726,000	737	797
Province of Quebec 3.10% 12-01-2051	12,538,000	14,507	14,371

Balanced Fund 2.39BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Quebec 3.50% 12-01-2045	9,335,000	10,824	11,129
Province of Quebec 3.50% 12-01-2048	1,505,000	1,643	1,819
Province of Quebec 5.00% 12-01-2041	6,745,000	9,498	9,497
Province of Saskatchewan 5.80% 09-05-2033	307,000	423	418
Total Provincial Governments		180,057	179,936
Municipal Governments			
City of Montreal 2.30% 09-01-2029	3,883,000	3,935	3,963
City of Montreal 3.00% 09-01-2027	2,581,000	2,738	2,745
City of Toronto 1.60% 12-02-2030	1,154,000	1,128	1,117
City of Toronto 3.25% 06-24-2046	3,712,000	4,159	4,109
City of Toronto 3.90% 09-29-2023	418,000	443	438
Total Municipal Governments		12,403	12,372
Corporate - Non-convertible			
AltaGas Ltd. 2.157% 06-10-2025	2,729,000	2,754	2,732
AltaLink LP 3.717% 12-03-2046	1,080,000	1,108	1,228
ARC Resources Ltd. 2.354% 03-10-2026	3,499,000	3,504	3,499
Bank of Montreal 1.551% 05-28-2026	4,095,000	4,095	4,021
Bank of Montreal 1.758% 03-10-2026	2,930,000	2,930	2,909
Bank of Montreal 2.85% 03-06-2024	7,674,000	7,750	7,881
Bell Canada Inc. 1.65% 08-16-2027	575,000	575	555
Bell Canada Inc. 2.20% 05-29-2028	1,248,000	1,246	1,234
Bell Canada Inc. 2.50% 05-14-2030	2,300,000	2,320	2,271
Calgary Airport Authority 3.199% 10-07-2036	843,000	843	866
Calgary Airport Authority 3.754% 10-07-2061	1,570,000	1,570	1,677
Canadian Imperial Bank of Commerce 1.70% 07-15-2026	2,056,000	2,055	2,027
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	710,000	727	714
Canadian Imperial Bank of Commerce 3.29% 01-15-2024	5,224,000	5,361	5,407
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	1,331,000	1,331	1,308
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	2,417,000	2,417	2,415
Canadian National Railway Co. 3.60% 07-31-2048	257,000	314	278
Canadian Natural Resources Ltd. 1.45% 11-16-2023	1,943,000	1,952	1,937
Canadian Pacific Railway Ltd. 1.589% 11-24-2023	1,540,000	1,540	1,542
Cenovus Energy Inc. 3.50% 02-07-2028	561,000	561	587

Balanced Fund 2.39BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
CU Inc. 2.609% 09-28-2050	350,000	350	322
CU Inc. 3.174% 09-05-2051	1,768,000	1,768	1,817
CU Inc. 4.947% 11-15-2050	621,000	790	847
Enbridge Gas Distribution Inc. 4.95% 11-22-2050	1,384,000	1,699	1,877
Enbridge Gas Distribution Inc. 7.60% 10-29-2026	1,326,000	1,765	1,658
Enbridge Gas Inc. 3.65% 04-01-2050	2,394,000	2,467	2,651
Enbridge Inc. 3.10% 09-21-2033	2,869,000	2,864	2,835
Enbridge Inc. 6.625% 04-12-2078	1,126,000	1,300	1,276
Enbridge Inc. 6.90% 11-15-2032	559,000	825	770
Enbridge Pipelines Inc. 4.20% 05-12-2051	919,000	919	973
Enbridge Pipelines Inc. 6.05% 02-12-2029	1,249,000	1,563	1,493
Enbridge Pipelines Inc. 6.35% 11-17-2023	2,412,000	2,853	2,614
EPCOR Utilities Inc. 2.899% 05-19-2050	138,000	140	135
Equitable Bank 1.983% 05-09-2024	2,479,000	2,479	2,479
Federation des Caisses Desjardins du Quebec 1.992% 05-28-2031	4,646,000	4,646	4,583
Ford Auto Securitization Trust 1.162% 10-15-2025	3,995,000	3,995	3,983
Fortis Inc. 2.18% 05-15-2028	1,109,000	1,108	1,108
FortisAlberta Inc. 2.632% 06-08-2051	1,849,000	1,849	1,711
FortisAlberta Inc. 3.734% 09-18-2048	1,155,000	1,207	1,306
FortisBC Energy Inc. 2.54% 07-13-2050	873,000	873	806
FortisBC Energy Inc. 3.69% 10-30-2047	596,000	596	675
FortisBC Energy Inc. 5.90% 02-26-2035	634,000	811	849
FortisBC Energy Inc. 6.00% 10-02-2037	787,000	1,032	1,096
Greater Toronto Airports Authority 3.15% 10-05-2051	1,244,000	1,242	1,288
HSBC Bank Canada 1.782% 05-20-2026	3,544,000	3,544	3,516
Hydro One Inc. 2.71% 02-28-2050	6,000	6	6
Hydro One Inc. 3.10% 09-15-2051	1,311,000	1,310	1,335
Inter Pipeline Ltd. 3.983% 11-25-2031	3,799,000	3,799	3,908
Interprovincial Pipe Line Ltd. 8.20% 02-15-2024	732,000	954	825
John Deere Financial Inc. 1.09% 07-17-2024	1,223,000	1,223	1,208
Lower Mattagami Energy LP 2.433% 05-14-2031	533,000	533	542
Manulife Bank of Canada 1.337% 02-26-2026	2,930,000	2,930	2,867
Manulife Financial Corp. 3.375% 06-19-2081	2,107,000	2,105	2,046
Morgan Stanley Floating Rate 03-21-2025	3,033,000	3,033	3,039
North West Redwater Partnership/NWR Financing Co. Ltd. 1.20% 12-01-2023	2,067,000	2,066	2,054
NOVA Gas Transmission Ltd. 6.59% 12-01-2027	600,000	723	718
Nova Scotia Power Inc. 6.95% 08-25-2033	1,432,000	2,063	2,002

Balanced Fund 2.39BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
OMERS Finance Trust 1.55% 04-21-2027	2,517,000	2,515	2,494
Ontario Teachers' Finance Trust 1.10% 10-19-2027	3,072,000	3,064	2,956
Pembina Pipeline Corp. 2.99% 01-22-2024	5,091,000	5,131	5,205
Penske Truck Leasing Canada Inc. 2.85% 12-07-2022	1,076,000	1,107	1,091
PSP Capital Inc. 0.90% 06-15-2026	5,280,000	5,275	5,136
PSP Capital Inc. 1.50% 03-15-2028	711,000	711	702
Royal Bank of Canada 1.589% 05-04-2026	5,021,000	5,021	4,945
Royal Bank of Canada 1.833% 07-31-2028	1,864,000	1,864	1,822
Royal Bank of Canada 1.936% 05-01-2025	3,213,000	3,213	3,226
Royal Bank of Canada 2.352% 07-02-2024	2,312,000	2,310	2,352
Royal Bank of Canada 2.609% 11-01-2024	8,969,000	9,087	9,182
Royal Bank of Canada 2.88% 12-23-2029	1,524,000	1,548	1,562
Royal Bank of Canada 3.65% 11-24-2081	2,728,000	2,728	2,645
Royal Bank of Canada 4.00% 02-24-2081	4,358,000	4,379	4,479
Royal Bank of Canada 4.50% 11-24-2080	5,247,000	5,320	5,504
Stantec Inc. 2.048% 10-08-2027	3,132,000	3,102	3,071
Sun Life Financial Inc. 2.46% 11-18-2031	1,670,000	1,669	1,690
Sun Life Financial Inc. 2.80% 11-21-2033	1,610,000	1,610	1,646
Sun Life Financial Inc. 3.60% 06-30-2081	658,000	658	647
Suncor Energy Inc. 5.00% 04-09-2030	604,000	710	699
The Bank of Nova Scotia 1.85% 11-02-2026	4,794,000	4,793	4,745
The Bank of Nova Scotia 2.38% 05-01-2023	6,650,000	6,791	6,745
The Bank of Nova Scotia 3.70% 07-27-2081	4,075,000	4,075	3,986
The Bank of Nova Scotia Floating Rate 08-04-2026	5,820,000	5,820	5,817
The Consumers Gas Co. Ltd. 9.85% 12-02-2024	234,000	339	286
The Toronto-Dominion Bank 1.128% 12-09-2025	7,629,000	7,590	7,418
The Toronto-Dominion Bank 1.888% 03-08-2028	6,417,000	6,411	6,316
The Toronto-Dominion Bank 3.105% 04-22-2030	6,496,000	6,616	6,708
The Toronto-Dominion Bank 3.224% 07-25-2029	2,249,000	2,346	2,322
The Toronto-Dominion Bank 3.589% 09-14-2028	3,784,000	3,925	3,907
The Toronto-Dominion Bank 3.60% 10-31-2081	3,473,000	3,473	3,372
TransCanada PipeLines Ltd. 3.80% 04-05-2027	1,131,000	1,178	1,209
TransCanada PipeLines Ltd. 7.31% 01-15-2027	814,000	1,046	981
TransCanada PipeLines Ltd. 7.90% 04-15-2027	223,000	302	278
TransCanada PipeLines Ltd. 8.20% 08-15-2031	1,428,000	2,045	1,950
TransCanada PipeLines Ltd. 8.21% 04-25-2030	922,000	1,288	1,239
TransCanada PipeLines Ltd. 8.23% 01-16-2031	126,000	180	171

Balanced Fund 2.39BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
TransCanada PipeLines Ltd. 8.29% 02-05-2026	4,458,000	5,950	5,430
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	491,000	491	506
Union Gas Ltd. 3.59% 11-22-2047	550,000	542	601
Union Gas Ltd. 4.85% 04-25-2022	513,000	543	520
Union Gas Ltd. 8.65% 11-10-2025	725,000	1,063	899
Ventas Canada Finance Ltd. 3.30% 12-01-2031	887,000	884	903
Westcoast Energy Inc. 7.15% 03-20-2031	951,000	1,234	1,254
Westcoast Energy Inc. 7.30% 12-18-2026	3,095,000	3,951	3,800
Westcoast Energy Inc. 8.85% 07-21-2025	332,000	481	406
WSP Global Inc. 2.408% 04-19-2028	2,311,000	2,311	2,306
Total Corporate - Non-convertible		245,073	243,435
Total Canadian Bonds		485,008	484,038
United States Bonds			
Corporate - Non-convertible			
Bank of America Corp. 1.978% 09-15-2027	2,264,000	2,264	2,236
Goldman Sachs Group Inc. Floating Rate 04-29-2025	1,349,000	1,349	1,352
JPMorgan Chase & Co. 1.896% 03-05-2028	2,094,000	2,094	2,060
The Goldman Sachs Group Inc. 2.599% 11-30-2027	5,563,000	5,563	5,632
Verizon Communications Inc. 2.375% 03-22-2028	3,641,000	3,638	3,646
Verizon Communications Inc. 2.50% 05-16-2030	4,177,000	4,197	4,150
Total Corporate - Non-convertible		19,105	19,076
Total United States Bonds		19,105	19,076
Global Bonds			
Australia			
Macquarie Group Ltd. 2.723% 08-21-2029	541,000	541	537
France			
BNP Paribas SA 2.538% 07-13-2029	2,740,000	2,740	2,720
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	5,231,000	5,237	5,253

Balanced Fund 2.39BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds (continued)			
Jersey (continued)			
Heathrow Funding Ltd. 3.726% 04-13-2033	519,000	538	539
United Kingdom			
National Grid Electricity Transmission PLC 2.301% 06-22-2029	4,958,000	4,958	4,927
Total Global Bonds		14,014	13,976
Total Bonds		518,127	517,090
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	373,050	8,646	10,651
Rogers Communications Inc. Class B non-voting	558,800	30,941	33,657
TELUS Corp.	472,360	9,704	14,072
Consumer Discretionary			
BRP Inc.	38,840	4,008	4,303
Canadian Tire Corp. Ltd. Class A non-voting	94,995	12,109	17,236
Magna International Inc.	203,130	11,963	20,790
Restaurant Brands International Inc.	329,250	24,495	25,253
Consumer Staples			
Alimentation Couche-Tard Inc.	596,190	24,002	31,598
George Weston Ltd.	72,790	6,990	10,675
Loblaw Companies Ltd.	50,890	2,963	5,274
Metro Inc.	331,910	14,260	22,344
Saputo Inc.	575,880	21,538	16,413
Energy			
Hydro One Ltd.	232,480	5,688	7,651
Suncor Energy Inc.	649,950	22,733	20,571
TC Energy Corp.	489,550	27,200	28,800
Financials			
Bank of Montreal	127,640	12,314	17,383
Brookfield Asset Management Inc.	533,770	19,003	40,775
Manulife Financial Corp.	875,250	21,254	21,102

Balanced Fund 2.39BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Financials (continued)			
Onex Corp. sub. voting	126,800	9,299	12,589
Royal Bank of Canada	324,480	27,886	43,561
Sun Life Financial Inc.	425,210	21,004	29,939
The Bank of Nova Scotia	74,810	5,018	6,699
The Toronto-Dominion Bank	733,840	43,800	71,167
Industrials			
CAE Inc.	416,600	10,667	13,294
Canadian National Railway Co.	237,020	26,586	36,828
Canadian Pacific Railway Ltd.	232,220	16,448	21,127
Finning International Inc.	301,790	7,294	9,621
Ritchie Bros. Auctioneers Inc.	129,900	10,662	10,056
Information Technology			
Open Text Corp.	341,934	15,399	20,530
Materials			
CCL Industries Inc. Class B non-voting	274,000	11,985	18,585
Franco-Nevada Corp. [CAD]	37,490	4,345	6,559
Nutrien Ltd. [CAD]	227,710	13,331	21,651
Utilities			
Fortis Inc.	321,200	17,695	19,603
Total Canadian Common Stock		521,230	690,357
United States Common Stock			
Communication Services			
Comcast Corp. Class A	190,625	9,049	12,137
Omnicom Group Inc.	263,597	25,002	24,432
The Interpublic Group of Companies Inc.	204,860	9,539	9,705
Verizon Communications Inc.	307,765	20,537	20,230
Consumer Discretionary			
AutoZone Inc.	2,154	2,724	5,712
eBay Inc.	243,020	15,952	20,444
Gentex Corp.	242,550	10,860	10,693

Balanced Fund 2.39BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Consumer Discretionary (continued)			
Harley-Davidson Inc.	395,115	20,717	18,839
Polaris Inc.	114,210	18,579	15,880
Consumer Staples			
Campbell Soup Co.	375,314	22,170	20,634
Kellogg Co.	272,339	22,721	22,194
Kimberly-Clark Corp.	135,070	22,075	24,420
Financials			
American Express Co.	60,750	8,219	12,573
Ameriprise Financial Inc.	54,526	9,681	20,807
SEI Investments Co.	162,600	11,211	12,535
Health Care			
AmerisourceBergen Corp.	100,824	11,439	16,949
Amgen Inc.	84,079	23,143	23,928
Biogen Inc.	51,410	18,547	15,603
Merck & Co. Inc.	246,025	24,490	23,852
Industrials			
Cummins Inc.	33,700	6,918	9,300
Flowserve Corp.	352,954	15,500	13,663
Ingersoll-Rand Inc.	112,707	4,811	8,821
MillerKnoll Inc.	295,560	15,902	14,653
Parker Hannifin Corp.	12,932	3,276	5,204
Wabtec Corp.	207,360	17,530	24,162
Information Technology			
NetApp Inc.	25,760	2,507	2,998
NortonLifeLock Inc.	623,883	18,124	20,504
Materials			
PPG Industries Inc.	21,230	2,777	4,631
Total United States Common Stock		394,000	435,503

Balanced Fund 2.39BG

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Global Common Stock			
Guernsey			
Amdocs Ltd.	241,111	20,130	22,827
Total Global Common Stock		20,130	22,827
Total Stocks		935,360	1,148,687
Transaction Costs (see notes to financial statements (note 2))		(287)	
Total Investments		1,453,200	1,665,777

Balanced Fund 2.39BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Balanced Fund 2.39BG (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 458,330	\$ 92	\$ 458,422	\$ 4,584
Total	\$ 458,330	\$ 92	\$ 458,422	\$ 4,584
As Percent of Net Assets Attributable to Contractholders			27.0%	0.3%

*Includes both monetary and non-monetary instruments

Balanced Fund 2.39BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020						
Currency	Investments	Cash, Short-term Deposits and Overdrafts		Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 425,115	\$ 120	\$	425,235	\$	4,252
Total	\$ 425,115	\$ 120	\$	425,235	\$	4,252
As Percent of Net Assets Attributable to Contractholders				26.8%		0.3%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 1,611	\$ 165,293	\$ 173,589	\$ 176,597	\$	517,090

2020						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 8,687	\$ 152,707	\$ 205,314	\$ 127,049	\$	493,757

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$42,831 (\$39,646 at December 31, 2020) or approximately 2.5% (2.5% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 8)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

Balanced Fund 2.39BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk (continued)

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	1.9	0.6	4.0	1.3
AA	20.9	6.4	22.9	7.1
A	50.2	15.3	49.4	15.4
BBB	26.7	8.2	22.8	7.1
BB and lower	0.3	0.1	0.9	0.3
Total	100.0	30.6	100.0	31.2

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$11,487 (\$10,552 at December 31, 2020) or approximately 0.7% (0.7% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2021			
	Assets Measured at Fair Value			
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 517,090	\$ —	\$ 517,090
Stocks	1,148,687	—	—	1,148,687
Total assets measured at fair value	\$ 1,148,687	\$ 517,090	\$ —	\$ 1,665,777

Balanced Fund 2.39BG

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification (continued)

	2020			
	Assets Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 493,757	\$ —	\$ 493,757
Stocks	1,055,202	—	—	1,055,202
Total assets measured at fair value	<u>\$ 1,055,202</u>	<u>\$ 493,757</u>	<u>\$ —</u>	<u>\$ 1,548,959</u>

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Balanced Fund 2.39BG

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	811,746	818,442	838,176	804,230	769,921	491,754	437,519	417,503	350,499	339,164
Individual	4,145,139	4,881,949	5,858,787	6,518,222	6,680,874	132,118	141,331	162,673	162,991	173,836
75/75 guarantee policy	5,682,119	6,152,460	7,035,200	6,483,773	5,150,533	124,421	122,090	133,597	110,637	91,303
75/100 guarantee policy	25,964,553	28,376,997	32,092,205	30,449,474	25,272,817	560,915	556,806	603,948	516,067	445,711
100/100 guarantee policy	734,589	761,658	856,791	741,474	587,565	15,569	14,686	15,868	12,387	10,230
PS1 75/75 guarantee policy	2,732,366	2,404,756	2,595,158	2,365,581	1,888,115	56,383	44,815	46,122	37,647	31,089
PS1 75/100 guarantee policy	12,989,789	12,158,045	13,979,790	12,670,056	9,533,488	263,743	223,317	245,287	199,404	155,499
PS1 100/100 guarantee policy	420,132	414,482	374,970	366,004	308,162	8,348	7,467	6,467	5,675	4,963
PS2 75/75 guarantee policy	385,571	406,468	391,235	459,075	384,368	9,978	9,279	8,319	8,538	7,223
PS2 75/100 guarantee policy	604,490	695,611	1,029,996	1,001,525	858,182	15,644	15,880	21,902	18,626	16,127
PS2 100/100 guarantee policy	9,027	18,278	18,661	19,042	19,440	234	417	397	354	365
PS 75/75 guarantee policy	67,348	71,159	89,912	34,109	—	854	809	967	326	—
PS 75/100 guarantee policy	610,464	682,654	700,875	161,707	—	7,681	7,714	7,512	1,543	—
PS 100/100 guarantee policy	1,062	1,814	2,514	—	—	13	20	27	—	—
PPS 75/75 guarantee policy	93,794	79,789	91,674	17,140	—	1,204	915	991	164	—
PPS 75/100 guarantee policy	519,030	351,387	390,243	151,724	—	6,622	4,010	4,207	1,451	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	605.80	534.58	498.11	435.82	440.52	71.22	36.47
Individual	31.87	28.95	27.77	25.01	26.02	2.92	1.18
75/75 guarantee policy	21.90	19.84	18.99	17.06	17.73	2.06	0.85
75/100 guarantee policy	21.60	19.62	18.82	16.95	17.64	1.98	0.80
100/100 guarantee policy	21.19	19.28	18.52	16.71	17.41	1.91	0.76
PS1 75/75 guarantee policy	20.64	18.64	17.77	15.91	16.47	2.00	0.87
PS1 75/100 guarantee policy	20.30	18.37	17.55	15.74	16.31	1.93	0.82
PS1 100/100 guarantee policy	19.87	18.02	17.25	15.51	16.11	1.85	0.77
PS2 75/75 guarantee policy	25.88	22.83	21.26	18.60	18.79	3.05	1.57
PS2 75/100 guarantee policy	25.88	22.83	21.26	18.60	18.79	3.05	1.57
PS2 100/100 guarantee policy	25.88	22.83	21.26	18.60	18.79	3.05	1.57
PS 75/75 guarantee policy	12.68	11.36	10.75	9.55	—	1.32	0.61
PS 75/100 guarantee policy	12.58	11.30	10.72	9.54	—	1.28	0.58
PS 100/100 guarantee policy	12.51	11.26	10.69	—	—	1.25	0.57
PPS 75/75 guarantee policy	12.83	11.46	10.81	9.57	—	1.37	0.65
PPS 75/100 guarantee policy	12.76	11.41	10.78	9.56	—	1.35	0.63

Balanced Fund 2.39BG

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Fund 2.39BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Fund 2.39BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Fund 2.39BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Balanced Fund 2.39BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Balanced Fund 2.39BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Fund 2.39BG

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Fund 2.39BG

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Fund 2.39BG

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Balanced Fund 2.39BG

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.93	2.93	2.93	2.94	2.93
75/75 guarantee policy	2.70	2.70	2.71	2.77	2.87
75/100 guarantee policy	2.92	2.93	2.93	2.94	2.93
100/100 guarantee policy	3.08	3.08	3.09	3.10	3.08
PS1 75/75 guarantee policy	2.35	2.36	2.36	2.37	2.35
PS1 75/100 guarantee policy	2.52	2.53	2.53	2.53	2.52
PS1 100/100 guarantee policy	2.75	2.75	2.76	2.76	2.75
PS 75/75 guarantee policy	1.58	1.58	1.58	1.58	—
PS 75/100 guarantee policy	1.80	1.80	1.80	1.80	—
PS 100/100 guarantee policy	1.97	1.96	1.96	—	—
PPS 75/75 guarantee policy	1.23	1.23	1.24	1.23	—
PPS 75/100 guarantee policy	1.40	1.40	1.40	1.40	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	70.53	91.31	64.42	82.08	104.33

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GOVERNMENT BOND FUND 2.14G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Government Bond Fund 2.14G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Government Bond Fund 2.14G

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 634	\$ 50
Investment income due and accrued	91	121
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	37,608	36,989
Stocks	—	—
Investment fund units	—	—
Total investments	37,608	36,989
Total assets	\$ 38,333	\$ 37,160
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	12	9
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	2	—
Total liabilities excluding net assets attributable to contractholders	14	9
Net assets attributable to contractholders	\$ 38,319	\$ 37,151

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (349)	\$ 2,126
Miscellaneous income (loss)	25	20
Total income	(324)	2,146
Expenses		
Management fees (note 8)	454	522
Transaction costs	—	—
Withholding taxes	—	—
Other	54	62
Total expenses	508	584
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (832)	\$ 1,562

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 37,151	\$ 35,688
Contractholder deposits	6,992	5,058
Contractholder withdrawals	(4,992)	(5,157)
Increase (decrease) in net assets from operations attributable to contractholders	(832)	1,562
Change in net assets attributable to contractholders	1,168	1,463
Net assets attributable to contractholders - end of year	\$ 38,319	\$ 37,151

Government Bond Fund 2.14G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (832)	\$ 1,562
Adjustments		
Realized (gains) losses	(19)	(289)
Unrealized (gains) losses	1,025	(1,018)
Gross proceeds of disposition of investments	21,405	30,126
Gross payments for the purchase of investments	(23,028)	(30,319)
Change in investment income due and accrued	30	50
Change in due from/to The Canada Life Assurance Company	3	25
	<u>(1,416)</u>	<u>137</u>
Financing Activities		
Contractholder deposits	6,992	5,058
Contractholder withdrawals	(4,992)	(5,157)
	<u>2,000</u>	<u>(99)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	584	38
Cash, short-term deposits and overdrafts, beginning of year	50	12
Cash, short-term deposits and overdrafts, end of year	\$ 634	\$ 50
Supplementary cash flow information		
Interest income received	\$ 682	\$ 869

Government Bond Fund 2.14G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.75% 06-15-2022	4,046,000	4,093	4,072
Canada Housing Trust No. 1 1.90% 09-15-2026	382,000	381	389
Canada Housing Trust No. 1 1.95% 12-15-2025	780,000	811	795
Canada Housing Trust No. 1 2.35% 09-15-2023	3,547,000	3,626	3,625
Canada Housing Trust No. 1 2.40% 12-15-2022	1,105,000	1,142	1,122
Canada Housing Trust No. 1 2.55% 03-15-2025	915,000	948	949
Canada Housing Trust No. 1 2.90% 06-15-2024	2,164,000	2,352	2,251
Canada Housing Trust No. 1 Floating Rate 09-15-2026	1,000,000	1,000	1,002
Government of Canada 0.75% 10-01-2024	1,196,000	1,177	1,185
Government of Canada 1.00% 09-01-2026	2,330,000	2,289	2,304
Total Federal Government		17,819	17,694
Provincial Governments			
Province of British Columbia 2.30% 06-18-2026	455,000	467	471
Province of Manitoba 2.55% 06-02-2026	642,000	655	669
Province of Ontario 1.55% 11-01-2029	1,049,000	1,046	1,026
Province of Ontario 2.40% 06-02-2026	1,521,000	1,642	1,576
Province of Ontario 2.60% 06-02-2025	260,000	276	270
Province of Ontario 2.60% 09-08-2023	209,000	222	214
Province of Ontario 3.15% 06-02-2022	1,007,000	1,062	1,019
Province of Quebec 2.75% 09-01-2027	294,000	309	311
Province of Quebec 3.50% 12-01-2022	1,137,000	1,272	1,165
Total Provincial Governments		6,951	6,721
Municipal Governments			
City of Montreal 2.30% 09-01-2029	198,000	196	202
City of Montreal 3.50% 09-01-2023	292,000	298	303
Municipal Finance Authority of British Columbia 4.95% 12-01-2027	260,000	314	306
Total Municipal Governments		808	811
Corporate - Non-convertible			
Canada Housing Trust No. 1 Floating Rate 03-15-2026	8,170,000	8,199	8,195
Export Development Canada 1.80% 09-01-2022	455,000	454	459
OPB Finance Trust 1.88% 02-24-2022	956,000	947	958

Government Bond Fund 2.14G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
PSP Capital Inc. 2.05% 01-15-2030	170,000	182	172
PSP Capital Inc. 2.09% 11-22-2023	1,141,000	1,166	1,161
Total Corporate - Non-convertible		10,948	10,945
Mortgage Backed			
Laurentian Bank of Canada 0.878% 03-01-2026	1,445,000	1,370	1,355
Merrill Lynch 0.988% 03-01-2026	90,000	83	82
Total Mortgage Backed		1,453	1,437
Total Canadian Bonds		37,979	37,608
Total Bonds		37,979	37,608

Government Bond Fund 2.14G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(1)	CAD 199.84	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 197	CAD 197.13	(2)
Derivatives - Liabilities						(2)
Total Futures Contracts						(2)

Total Derivative Instruments at Fair Value (2)

Total Investments 37,979 37,606

Government Bond Fund 2.14G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Government Bond Fund 2.14G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Government Bond Fund 2.14G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021						
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders		
United States Dollar	\$ —	\$ 11	\$ 11	\$ —		
Total	\$ —	\$ 11	\$ 11	\$ —		
As Percent of Net Assets Attributable to Contractholders				—%		

*Includes both monetary and non-monetary instruments

The Fund had no significant exposure to foreign currency as at December 31, 2020.

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 8,795	\$ 26,795	\$ 2,018	\$ —	\$ 37,608	
2020						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 1,450	\$ 27,175	\$ 8,286	\$ 78	\$ 36,989	

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$726 (\$1,335 at December 31, 2020) or approximately 1.9% (3.6% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

Government Bond Fund 2.14G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	69.0	67.7	35.3	35.1
AA	17.0	16.7	44.8	44.6
A	14.0	13.8	19.9	19.8
Total	100.0	98.2	100.0	99.5

F. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 37,608	\$ —	\$ 37,608
Total assets measured at fair value	\$ —	\$ 37,608	\$ —	\$ 37,608
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ 2	\$ —	\$ —	\$ 2
Net assets attributable to contractholders measured at fair value	\$ (2)	\$ 37,608	\$ —	\$ 37,606

⁽¹⁾ Excludes collateral pledged to counterparties of \$19.

Government Bond Fund 2.14G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Fair Value Classification (continued)

	2020			
	Assets Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 36,989	\$ —	\$ 36,989
Derivatives	—	—	—	—
Total assets measured at fair value	\$ —	\$ 36,989	\$ —	\$ 36,989

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Government Bond Fund 2.14G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	103,062	79,669	71,391	79,797	88,448	23,576	18,374	15,549	16,921	18,394
Individual	442,623	582,998	657,487	849,408	974,130	6,822	9,242	10,042	12,885	14,786
75/75 guarantee policy	75,041	100,631	119,323	126,968	158,172	795	1,095	1,251	1,321	1,646
75/100 guarantee policy	304,254	437,990	445,844	458,935	531,203	3,199	4,737	4,645	4,749	5,501
100/100 guarantee policy	34,305	40,848	48,743	52,038	61,292	358	439	505	536	632
PS1 75/75 guarantee policy	32,258	32,475	33,451	44,773	49,741	345	355	350	462	510
PS1 75/100 guarantee policy	243,888	199,215	260,744	307,215	245,071	2,590	2,164	2,713	3,157	2,505
PS1 100/100 guarantee policy	26,507	29,699	38,042	38,802	41,009	278	320	392	396	417
PS2 75/75 guarantee policy	8,227	11,901	13,640	10,569	9,836	101	147	159	120	109
PS2 75/100 guarantee policy	20,359	22,048	7,060	9,711	8,609	249	272	82	110	96
PS 75/75 guarantee policy	2	2	2	—	—	—	—	—	—	—
PS 75/100 guarantee policy	576	581	—	—	—	6	6	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	228.75	230.63	217.80	212.05	207.97	(1.88)	12.83
Individual	15.41	15.85	15.27	15.17	15.18	(0.44)	0.58
75/75 guarantee policy	10.59	10.89	10.48	10.40	10.40	(0.30)	0.41
75/100 guarantee policy	10.52	10.82	10.42	10.35	10.36	(0.30)	0.40
100/100 guarantee policy	10.45	10.76	10.37	10.30	10.32	(0.31)	0.39
PS1 75/75 guarantee policy	10.69	10.92	10.46	10.32	10.26	(0.23)	0.46
PS1 75/100 guarantee policy	10.62	10.86	10.41	10.28	10.22	(0.24)	0.45
PS1 100/100 guarantee policy	10.51	10.76	10.32	10.20	10.16	(0.25)	0.44
PS2 75/75 guarantee policy	12.23	12.32	11.63	11.32	11.10	(0.09)	0.69
PS2 75/100 guarantee policy	12.23	12.32	11.63	11.32	11.10	(0.09)	0.69
PS 75/75 guarantee policy	10.23	10.48	10.10	—	—	(0.25)	0.38
PS 75/100 guarantee policy	10.41	10.65	—	—	—	(0.24)	0.45

Government Bond Fund 2.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Government Bond Fund 2.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Government Bond Fund 2.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Government Bond Fund 2.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Government Bond Fund 2.14G

Notes to the Financial Statements:

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Government Bond Fund 2.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Government Bond Fund 2.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Government Bond Fund 2.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Government Bond Fund 2.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Government Bond Fund 2.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Government Bond Fund 2.14G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.04	2.03	2.04	2.05	2.04
75/75 guarantee policy	1.98	1.98	1.98	1.99	1.99
75/100 guarantee policy	2.04	2.03	2.04	2.05	2.05
100/100 guarantee policy	2.09	2.09	2.09	2.10	2.10
PS1 75/75 guarantee policy	1.41	1.40	1.41	1.41	1.41
PS1 75/100 guarantee policy	1.46	1.46	1.46	1.47	1.47
PS1 100/100 guarantee policy	1.58	1.57	1.58	1.59	1.58
PS 75/75 guarantee policy	1.42	1.41	1.41	—	—
PS 75/100 guarantee policy	1.46	1.47	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	53.70	77.57	90.29	32.36	28.81

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

CANADIAN EQUITY FUND 2.18G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Equity Fund 2.18G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Equity Fund 2.18G

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 24,147	\$ 3,998
Investment income due and accrued	2,890	2,256
Due from The Canada Life Assurance Company (note 7)	—	18
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	1,734,110	1,368,465
Investment fund units	—	—
Total investments	1,734,110	1,368,465
Total assets	\$ 1,761,147	\$ 1,374,737
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	261	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	261	—
Net assets attributable to contractholders	\$ 1,760,886	\$ 1,374,737

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 371,073	\$ 92,097
Miscellaneous income (loss)	(255)	(52)
Total income	370,818	92,045
Expenses		
Management fees (note 7)	4,325	3,442
Transaction costs	1,428	1,087
Withholding taxes	69	133
Other	439	353
Total expenses	6,261	5,015
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 364,557	\$ 87,030

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 1,374,737	\$ 526,585
Contractholder deposits	397,188	903,324
Contractholder withdrawals	(375,596)	(142,202)
Increase (decrease) in net assets from operations attributable to contractholders	364,557	87,030
Change in net assets attributable to contractholders	386,149	848,152
Net assets attributable to contractholders - end of year	\$ 1,760,886	\$ 1,374,737

Canadian Equity Fund 2.18G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 364,557	\$ 87,030
Adjustments		
Realized (gains) losses	(149,131)	(10,301)
Unrealized (gains) losses	(184,960)	(53,907)
Gross proceeds of disposition of investments	1,118,856	500,512
Gross payments for the purchase of investments	(1,150,410)	(1,283,468)
Change in investment income due and accrued	(634)	(1,291)
Change in due from/to The Canada Life Assurance Company	279	195
Change in due from/to brokers	—	(456)
	(1,443)	(761,686)
Financing Activities		
Contractholder deposits	397,188	903,324
Contractholder withdrawals	(375,596)	(142,202)
	21,592	761,122
Net increase (decrease) in cash, short-term deposits and overdrafts	20,149	(564)
Cash, short-term deposits and overdrafts, beginning of year	3,998	4,562
Cash, short-term deposits and overdrafts, end of year	<u>\$ 24,147</u>	<u>\$ 3,998</u>
Supplementary cash flow information		
Dividend income received	\$ 36,330	\$ 26,527

Canadian Equity Fund 2.18G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Rogers Communications Inc. Class B non-voting	363,939	21,446	21,920
TELUS Corp.	865,764	22,782	25,791
TELUS International Inc.	184,763	6,625	7,723
Consumer Discretionary			
Aritzia Inc.	317,441	6,687	16,618
BRP Inc.	166,995	13,301	18,503
Canadian Tire Corp. Ltd. Class A non-voting	99,234	15,498	18,005
Dollarama Inc.	355,000	18,508	22,475
Magna International Inc.	171,630	14,398	17,566
Pet Valu Holdings Ltd.	552,075	13,520	19,913
Consumer Staples			
Alimentation Couche-Tard Inc.	531,987	19,733	28,195
Loblaw Companies Ltd.	315,581	23,359	32,707
Energy			
ARC Resources Ltd.	823,124	8,612	9,466
Canadian Natural Resources Ltd.	1,223,581	51,816	65,400
Enbridge Inc. [CAD]	651,914	30,561	32,211
Headwater Exploration Inc.	2,263,557	8,552	11,657
Parkland Corp. of Canada	241,907	9,744	8,411
Pason Systems Inc.	1,216,340	11,830	14,037
Pembina Pipeline Corp.	383,332	13,304	14,708
Secure Energy Services Inc.	2,188,692	12,507	11,513
TC Energy Corp.	459,707	28,651	27,045
Tourmaline Oil Corp.	325,471	9,804	13,292
Financials			
Bank of Montreal	666,632	62,690	90,789
Brookfield Asset Management Inc.	947,656	46,033	72,391
Definity Financial Corp.	285,421	6,279	8,428
Intact Financial Corp.	293,234	41,371	48,214
National Bank of Canada	309,998	26,673	29,896
Royal Bank of Canada	1,091,811	105,916	146,575
Sun Life Financial Inc.	387,044	21,864	27,252
The Toronto-Dominion Bank	1,250,248	85,917	121,249

Canadian Equity Fund 2.18G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Financials (continued)			
Thomson Reuters Corp.	92,026	9,539	13,921
TMX Group Ltd.	105,119	13,703	13,482
Health Care			
dentalcorp Holdings Ltd.	777,243	10,881	12,646
Neighbourly Pharmacy Inc.	228,356	3,910	9,121
Industrials			
Boyd Group Services Inc.	112,116	23,954	22,381
Canadian National Railway Co.	323,453	36,443	50,258
Canadian Pacific Railway Ltd.	770,663	58,677	70,115
Stantec Inc.	224,675	9,019	15,968
TFI International Inc.	136,220	12,448	19,326
Toromont Industries Ltd.	133,981	9,648	15,322
Waste Connections Inc.	157,883	19,317	27,219
WSP Global Inc.	111,628	10,150	20,498
Information Technology			
CGI Group Inc. Class A sub. voting	279,123	22,639	31,220
Constellation Software Inc.	20,400	28,186	47,878
Dye & Durham Ltd.	213,601	4,612	9,586
Kinaxis Inc.	45,892	6,488	8,138
Open Text Corp.	514,629	27,830	30,898
Shopify Inc. [CAD]	28,683	51,548	49,957
Tecsys Inc.	87,987	3,542	4,629
The Descartes Systems Group Inc.	83,417	6,500	8,727
Materials			
Agnico Eagle Mines Ltd.	114,602	10,108	7,700
CCL Industries Inc. Class B non-voting	397,720	22,948	26,977
First Quantum Minerals Ltd.	293,080	7,155	8,872
Kirkland Lake Gold Ltd.	405,687	20,513	21,505
Major Drilling Group International Inc.	938,629	8,175	7,753
Methanex Corp.	223,136	10,999	11,166
Nutrien Ltd. [CAD]	349,316	21,955	33,213
Wheaton Precious Metals Corp.	364,923	19,945	19,808

Canadian Equity Fund 2.18G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Real Estate			
Allied Properties REIT	402,418	17,481	17,686
Colliers International Group Inc.	97,015	10,629	18,276
Utilities			
Boralex Inc. Class A	450,825	14,036	15,635
Northland Power Inc.	198,713	8,741	7,541
Total Canadian Common Stock		1,299,700	1,659,372
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	2,477	6,863	9,078
Consumer Discretionary			
Amazon.com Inc.	1,983	7,722	8,364
Financials			
Digital Realty Trust Inc. REIT	45,310	8,193	10,138
Information Technology			
MasterCard Inc. Class A	20,192	8,794	9,178
Microsoft Corp.	41,193	11,447	17,526
Visa Inc. Class A	33,344	9,091	9,141
Real Estate			
Equinix Inc. REIT	10,573	8,069	11,313
Total United States Common Stock		60,179	74,738
Total Stocks		1,359,879	1,734,110
Transaction Costs (see notes to financial statements (note 2))		(887)	
Total Investments		1,358,992	1,734,110

Canadian Equity Fund 2.18G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Equity Fund 2.18G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 74,738	\$ 2,156	\$ 76,894	\$ 769
Total	\$ 74,738	\$ 2,156	\$ 76,894	\$ 769
As Percent of Net Assets Attributable to Contractholders			4.4%	

*Includes both monetary and non-monetary instruments

Canadian Equity Fund 2.18G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 93,143	\$ 149	\$ 93,292	\$ 933
Total	\$ 93,143	\$ 149	\$ 93,292	\$ 933
As Percent of Net Assets Attributable to Contractholders			6.8%	0.1%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$17,341 (\$13,685 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,734,110	\$ —	\$ —	\$ 1,734,110
Total assets measured at fair value	\$ 1,734,110	\$ —	\$ —	\$ 1,734,110

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,365,697	\$ 2,768	\$ —	\$ 1,368,465
Total assets measured at fair value	\$ 1,365,697	\$ 2,768	\$ —	\$ 1,368,465

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Canadian Equity Fund 2.18G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	654,006	787,459	335,698	344,776	375,651	302,259	291,911	119,343	101,078	118,308
Individual	705,272	807,135	951,020	1,161,853	1,380,678	23,987	22,649	26,326	27,283	35,834
75/75 guarantee policy	107,371	134,982	152,276	176,570	177,744	2,523	2,612	2,902	2,850	3,166
75/100 guarantee policy	475,223	561,253	655,058	729,093	757,301	10,996	10,715	12,337	11,648	13,372
100/100 guarantee policy	19,001	22,492	26,505	34,624	34,339	420	412	481	535	588
PS1 75/75 guarantee policy	92,219	85,906	87,463	80,433	65,608	2,041	1,559	1,556	1,206	1,080
PS1 75/100 guarantee policy	322,564	322,101	346,758	373,954	366,027	6,985	5,732	6,063	5,524	5,952
PS1 100/100 guarantee policy	42,806	44,571	43,818	48,766	43,072	897	771	747	705	687
PS2 75/75 guarantee policy	40,237	48,857	59,475	63,730	65,469	1,104	1,075	1,255	1,108	1,223
PS2 75/100 guarantee policy	14,029	14,327	18,047	33,591	33,563	385	315	381	584	627
PS 75/75 guarantee policy	3,877	4,684	5,303	—	—	52	51	56	—	—
PS 75/100 guarantee policy	3,668	3,684	3,328	572	—	49	40	35	5	—
PPS 75/100 guarantee policy	3,667	3,688	3,709	—	—	49	40	39	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	462.17	370.70	355.51	293.17	314.94	91.47	15.19
Individual	34.01	28.06	27.68	23.48	25.95	5.95	0.38
75/75 guarantee policy	23.49	19.35	19.06	16.14	17.81	4.14	0.29
75/100 guarantee policy	23.14	19.09	18.83	15.98	17.66	4.05	0.26
100/100 guarantee policy	22.13	18.32	18.14	15.44	17.13	3.81	0.18
PS1 75/75 guarantee policy	22.13	18.14	17.79	14.99	16.47	3.99	0.35
PS1 75/100 guarantee policy	21.66	17.80	17.49	14.77	16.26	3.86	0.31
PS1 100/100 guarantee policy	20.97	17.29	17.04	14.45	15.96	3.68	0.25
PS2 75/75 guarantee policy	27.44	22.00	21.09	17.39	18.67	5.44	0.91
PS2 75/100 guarantee policy	27.44	22.00	21.09	17.39	18.67	5.44	0.91
PS 75/75 guarantee policy	13.35	10.88	10.59	—	—	2.47	0.29
PS 75/100 guarantee policy	13.28	10.83	10.57	8.86	—	2.45	0.26
PPS 75/100 guarantee policy	13.46	10.94	10.63	—	—	2.52	0.31

Canadian Equity Fund 2.18G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Equity Fund 2.18G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Fund 2.18G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Fund 2.18G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Equity Fund 2.18G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Equity Fund 2.18G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Fund 2.18G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Canadian Equity Fund 2.18G

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Equity Fund 2.18G

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Canadian Equity Fund 2.18G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.86	2.87	2.87	2.88	2.87
75/75 guarantee policy	2.69	2.70	2.70	2.73	2.76
75/100 guarantee policy	2.86	2.87	2.87	2.88	2.87
100/100 guarantee policy	3.22	3.22	3.23	3.24	3.24
PS1 75/75 guarantee policy	2.23	2.24	2.24	2.25	2.24
PS1 75/100 guarantee policy	2.46	2.46	2.47	2.48	2.47
PS1 100/100 guarantee policy	2.79	2.80	2.80	2.81	2.80
PS 75/75 guarantee policy	1.57	1.58	1.58	—	—
PS 75/100 guarantee policy	1.74	1.74	1.75	1.74	—
PPS 75/100 guarantee policy	1.34	1.34	1.35	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	68.85	51.30	31.57	27.97	39.70

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MID CAP CANADA FUND 2.16G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Mid Cap Canada Fund 2.16G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Mid Cap Canada Fund 2.16G

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 7,124	\$ 7,707
Investment income due and accrued	629	933
Due from The Canada Life Assurance Company (note 7)	80	—
Due from brokers	—	—
Due from outside parties	13	13
Investments		
Bonds	—	—
Stocks	747,693	845,862
Investment fund units	—	—
Total investments	747,693	845,862
Total assets	\$ 755,539	\$ 854,515
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	3,348
Due to brokers	29	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	29	3,348
Net assets attributable to contractholders	\$ 755,510	\$ 851,167

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 77,768	\$ 197,859
Miscellaneous income (loss)	(29)	455
Total income	77,739	198,314
Expenses		
Management fees (note 7)	4,890	3,957
Transaction costs	407	575
Withholding taxes	(66)	81
Other	540	444
Total expenses	5,771	5,057
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 71,968	\$ 193,257

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 851,167	\$ 802,397
Contractholder deposits	48,717	74,373
Contractholder withdrawals	(216,342)	(218,860)
Increase (decrease) in net assets from operations attributable to contractholders	71,968	193,257
Change in net assets attributable to contractholders	(95,657)	48,770
Net assets attributable to contractholders - end of year	\$ 755,510	\$ 851,167

Mid Cap Canada Fund 2.16G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 71,968	\$ 193,257
Adjustments		
Realized (gains) losses	(90,057)	(113,612)
Unrealized (gains) losses	22,402	(72,654)
Gross proceeds of disposition of investments	391,701	366,332
Gross payments for the purchase of investments	(225,877)	(247,807)
Change in investment income due and accrued	304	(85)
Change in due from/to The Canada Life Assurance Company	(3,428)	2,233
Change in due from/to brokers	29	—
	<u>167,042</u>	<u>127,664</u>
Financing Activities		
Contractholder deposits	48,717	74,373
Contractholder withdrawals	(216,342)	(218,860)
	<u>(167,625)</u>	<u>(144,487)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(583)	(16,823)
Cash, short-term deposits and overdrafts, beginning of year	7,707	24,530
Cash, short-term deposits and overdrafts, end of year	\$ 7,124	\$ 7,707
Supplementary cash flow information		
Dividend income received	\$ 10,399	\$ 11,372

Mid Cap Canada Fund 2.16G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Cogeco Inc.	144,505	11,935	11,738
Consumer Discretionary			
Aritzia Inc.	646,379	11,452	33,838
Pet Valu Holdings Ltd.	106,747	2,665	3,850
Pollard Banknote Ltd.	395,800	8,060	15,773
Sleep Country Canada Holdings Inc.	420,202	9,078	15,770
Consumer Staples			
Lassonde Industries Inc.	37,105	5,589	5,838
Energy			
Headwater Exploration Inc.	788,928	2,899	4,063
Kelt Exploration Ltd.	1,032,409	5,264	4,976
North American Construction Group Ltd.	490,368	7,901	9,410
Parkland Corp. of Canada	429,477	16,316	14,933
Pason Systems Inc.	399,791	4,216	4,614
Secure Energy Services Inc.	1,311,401	7,309	6,898
Financials			
Definity Financial Corp.	124,810	2,746	3,686
Equitable Group Inc.	234,314	17,278	16,147
iA Financial Corp. Inc.	220,161	11,557	15,935
Health Care			
Andlauer Healthcare Group Inc.	447,619	12,343	24,185
dentalcorp Holdings Ltd.	475,879	6,717	7,743
Dialogue Health Technologies Inc.	100,647	1,190	734
Jamieson Wellness Inc.	565,735	11,739	22,709
Knight Therapeutics Inc.	699,474	5,303	3,707
Neighbourly Pharmacy Inc.	141,367	3,126	5,646
Industrials			
AG Growth International Inc.	73,688	2,717	2,334
ATS Automation Tooling Systems Inc.	342,880	7,941	17,226
Boyd Group Services Inc.	127,968	25,819	25,545
Cargojet Inc.	74,570	6,145	12,421

Mid Cap Canada Fund 2.16G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Industrials (continued)			
Hardwoods Distribution Inc.	667,167	12,897	29,889
K-Bro Linen Inc.	224,132	8,576	7,665
LifeWorks Inc.	557,556	12,293	14,234
Richelieu Hardware Ltd.	416,314	14,983	18,164
Stantec Inc.	142,265	5,975	10,111
Toromont Industries Ltd.	109,167	7,179	12,484
Information Technology			
Dye & Durham Ltd.	339,412	5,911	15,233
Enghouse Systems Ltd.	283,419	11,582	13,726
Kinaxis Inc.	230,659	15,684	40,903
Lightspeed Commerce Inc.	169,803	5,199	8,674
Tecsys Inc.	587,336	12,394	30,900
The Descartes Systems Group Inc.	27,852	1,423	2,914
Thinkific Labs Inc.	287,782	3,712	2,564
Materials			
Intertape Polymer Group Inc.	734,201	13,207	19,324
MAG Silver Corp.	796,529	12,583	15,795
Methanex Corp.	95,857	5,038	4,797
Stella-Jones Inc.	331,497	12,238	13,263
Winpak Ltd.	308,250	10,869	11,458
Real Estate			
Altus Group Ltd.	230,441	7,215	16,354
FirstService Corp.	61,509	4,920	15,291
InterRent REIT	666,014	11,024	11,529
Killam Apartment REIT	1,114,915	15,396	26,301
Minto Apartment REIT	565,467	10,921	12,378
Morguard Corp.	149,644	26,213	20,420
Tricon Residential Inc.	883,865	8,954	17,112
Utilities			
Boralex Inc. Class A	766,911	16,160	26,596
Northland Power Inc.	595,718	13,641	22,607
Total Canadian Common Stock		493,492	730,405

Mid Cap Canada Fund 2.16G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Information Technology			
Anaplan Inc.	61,654	4,349	3,576
Smartsheet Inc.	94,867	6,998	9,295
Real Estate			
CyrusOne Inc. REIT	38,913	2,985	4,417
Total United States Common Stock		14,332	17,288
Total Stocks		507,824	747,693
Transaction Costs (see notes to financial statements (note 2))		(457)	
Total Investments		507,367	747,693

Mid Cap Canada Fund 2.16G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Mid Cap Canada Fund 2.16G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Mid Cap Canada Fund 2.16G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 17,288	\$ 181	\$ 17,469	\$ 175
Total	\$ 17,288	\$ 181	\$ 17,469	\$ 175
As Percent of Net Assets Attributable to Contractholders				2.3%
<i>*Includes both monetary and non-monetary instruments</i>				

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 48,769	\$ 202	\$ 48,971	\$ 490
Total	\$ 48,769	\$ 202	\$ 48,971	\$ 490
As Percent of Net Assets Attributable to Contractholders				5.8%
<i>*Includes both monetary and non-monetary instruments</i>				

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$7,477 (\$8,459 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Mid Cap Canada Fund 2.16G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Stocks	\$	747,693	\$ —	\$ —	\$ 747,693
Total assets measured at fair value	\$	747,693	\$ —	\$ —	\$ 747,693

		2020			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Stocks	\$	845,862	\$ —	\$ —	\$ 845,862
Total assets measured at fair value	\$	845,862	\$ —	\$ —	\$ 845,862

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Mid Cap Canada Fund 2.16G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	316,324	306,626	208,653	185,061	189,158	161,883	141,760	77,287	53,824	61,215
Individual	813,558	919,433	1,062,289	1,300,335	1,605,529	40,489	42,589	40,619	40,224	56,947
75/75 guarantee policy	437,864	491,169	566,856	624,143	671,130	12,533	13,056	12,410	11,030	13,569
75/100 guarantee policy	1,522,031	1,687,037	1,807,665	1,940,430	2,007,187	42,419	43,761	38,707	33,613	39,868
100/100 guarantee policy	63,535	72,700	91,335	103,576	113,304	1,686	1,803	1,878	1,730	2,180
PS1 75/75 guarantee policy	290,131	278,616	268,809	289,111	281,619	6,840	6,072	4,803	4,151	4,605
PS1 75/100 guarantee policy	1,030,101	994,697	1,009,887	1,166,172	1,156,170	23,768	21,265	17,741	16,498	18,669
PS1 100/100 guarantee policy	47,457	50,034	53,647	55,711	65,794	1,055	1,034	915	768	1,039
PS2 75/75 guarantee policy	74,584	82,417	96,723	107,138	162,898	2,203	2,199	2,067	1,797	3,039
PS2 75/100 guarantee policy	91,573	123,170	141,291	155,298	146,506	2,705	3,286	3,019	2,605	2,733
PS2 100/100 guarantee policy	—	4,570	4,685	4,798	7,769	—	122	100	80	145
PS 75/75 guarantee policy	11,469	7,620	7,793	6,705	—	164	100	83	57	—
PS 75/100 guarantee policy	40,068	26,771	24,266	5,733	—	569	350	259	49	—
PPS 75/75 guarantee policy	17,468	28,558	27,168	6,523	—	254	380	293	56	—
PPS 75/100 guarantee policy	11,205	5,235	4,336	10,870	—	162	69	47	93	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	511.76	462.32	370.41	290.84	323.62	49.44	91.91
Individual	49.77	46.32	38.24	30.93	35.47	3.45	8.08
75/75 guarantee policy	28.62	26.58	21.89	17.67	20.22	2.04	4.69
75/100 guarantee policy	27.87	25.94	21.41	17.32	19.86	1.93	4.53
100/100 guarantee policy	26.54	24.80	20.56	16.70	19.24	1.74	4.24
PS1 75/75 guarantee policy	23.57	21.79	17.87	14.36	16.35	1.78	3.92
PS1 75/100 guarantee policy	23.07	21.38	17.57	14.15	16.15	1.69	3.81
PS1 100/100 guarantee policy	22.22	20.67	17.05	13.79	15.80	1.55	3.62
PS2 75/75 guarantee policy	29.54	26.68	21.37	16.77	18.65	2.86	5.31
PS2 75/100 guarantee policy	29.54	26.68	21.37	16.77	18.65	2.86	5.31
PS2 100/100 guarantee policy	—	26.68	21.37	16.77	18.66	—	5.31
PS 75/75 guarantee policy	14.32	13.15	10.71	8.55	—	1.17	2.44
PS 75/100 guarantee policy	14.21	13.08	10.68	8.54	—	1.13	2.40
PPS 75/75 guarantee policy	14.55	13.30	10.78	8.57	—	1.25	2.52
PPS 75/100 guarantee policy	14.44	13.23	10.75	8.56	—	1.21	2.48

Mid Cap Canada Fund 2.16G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Mid Cap Canada Fund 2.16G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Mid Cap Canada Fund 2.16G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Mid Cap Canada Fund 2.16G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Mid Cap Canada Fund 2.16G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Mid Cap Canada Fund 2.16G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Mid Cap Canada Fund 2.16G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Mid Cap Canada Fund 2.16G

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Mid Cap Canada Fund 2.16G

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Mid Cap Canada Fund 2.16G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.02	3.02	3.03	3.05	3.04
75/75 guarantee policy	2.80	2.80	2.81	2.82	2.82
75/100 guarantee policy	3.02	3.02	3.03	3.04	3.03
100/100 guarantee policy	3.44	3.45	3.46	3.47	3.46
PS1 75/75 guarantee policy	2.34	2.34	2.35	2.36	2.35
PS1 75/100 guarantee policy	2.56	2.57	2.57	2.58	2.57
PS1 100/100 guarantee policy	2.95	2.96	2.97	2.98	2.96
PS 75/75 guarantee policy	1.68	1.68	1.69	1.68	—
PS 75/100 guarantee policy	1.90	1.90	1.91	1.91	—
PPS 75/75 guarantee policy	1.23	1.23	1.23	1.23	—
PPS 75/100 guarantee policy	1.44	1.45	1.46	1.45	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	29.47	31.79	25.66	34.31	42.66

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
SCIENCE AND TECHNOLOGY FUND 2.76G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Science and Technology Fund 2.76G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Science and Technology Fund 2.76G

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 5,585	\$ 12,034
Investment income due and accrued	104	117
Due from The Canada Life Assurance Company (note 7)	217	242
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	612,672	481,013
Investment fund units	—	—
Total investments	612,672	481,013
Total assets	\$ 618,578	\$ 493,406
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 618,578	\$ 493,406

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 116,254	\$ 145,355
Miscellaneous income (loss)	681	(179)
Total income	116,935	145,176
Expenses		
Management fees (note 7)	11,744	8,433
Transaction costs	87	78
Withholding taxes	778	329
Other	1,302	938
Total expenses	13,911	9,778
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 103,024	\$ 135,398

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 493,406	\$ 317,284
Contractholder deposits	82,620	79,028
Contractholder withdrawals	(60,472)	(38,304)
Increase (decrease) in net assets from operations attributable to contractholders	103,024	135,398
Change in net assets attributable to contractholders	125,172	176,122
Net assets attributable to contractholders - end of year	\$ 618,578	\$ 493,406

Science and Technology Fund 2.76G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 103,024	\$ 135,398
Adjustments		
Realized (gains) losses	(57,985)	(40,156)
Unrealized (gains) losses	(55,673)	(102,675)
Gross proceeds of disposition of investments	153,261	93,913
Gross payments for the purchase of investments	(171,262)	(121,471)
Change in investment income due and accrued	13	(25)
Change in due from/to The Canada Life Assurance Company	25	(145)
Change in due from/to brokers	—	1,367
	<u>(28,597)</u>	<u>(33,794)</u>
Financing Activities		
Contractholder deposits	82,620	79,028
Contractholder withdrawals	(60,472)	(38,304)
	<u>22,148</u>	<u>40,724</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(6,449)	6,930
Cash, short-term deposits and overdrafts, beginning of year	12,034	5,104
Cash, short-term deposits and overdrafts, end of year	\$ 5,585	\$ 12,034
Supplementary cash flow information		
Dividend income received	\$ 2,600	\$ 2,474

Science and Technology Fund 2.76G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Financials			
Nuvei Corp.	19,135	3,124	1,569
Nuvei Corp. [USD - Toronto]	63,862	4,352	5,250
Information Technology			
CGI Group Inc. Class A sub. voting	109,238	5,949	12,218
Constellation Software Inc.	11,454	8,107	26,882
Kinaxis Inc.	54,021	4,239	9,580
Lightspeed Commerce Inc.	79,432	4,030	4,057
Open Text Corp.	155,702	6,125	9,348
Shopify Inc. [CAD]	16,150	15,912	28,127
The Descartes Systems Group Inc.	57,109	1,420	5,975
Topicus.com Inc.	21,830	150	2,534
Total Canadian Common Stock		53,408	105,540
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	16,370	23,999	59,993
Comcast Corp. Class A	67,336	4,044	4,287
Meta Platforms Inc.	81,724	22,198	34,773
Netflix Inc.	20,329	14,615	15,493
The Walt Disney Co.	30,480	5,079	5,972
T-Mobile US Inc.	46,644	6,468	6,843
Consumer Discretionary			
Airbnb Inc.	13,868	3,347	2,921
Amazon.com Inc.	3,617	6,659	15,257
Health Care			
DexCom Inc.	1,934	1,586	1,314
Industrials			
Uber Technologies Inc.	124,151	8,993	6,585
Information Technology			
Adobe Inc.	9,769	1,858	7,008
Advanced Micro Devices Inc.	79,796	6,903	14,526

Science and Technology Fund 2.76G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Information Technology (continued)			
Analog Devices Inc.	20,379	2,749	4,531
Apple Inc.	261,353	20,072	58,708
Applied Materials Inc.	45,011	7,952	8,960
Broadcom Inc.	18,822	6,663	15,844
Cisco Systems Inc.	142,189	8,835	11,399
Fiserv Inc.	41,341	4,045	5,428
Lam Research Corp.	7,254	3,641	6,599
Marvell Technology Inc.	176,091	7,678	19,489
MasterCard Inc. Class A	28,188	7,551	12,813
Micron Technology Inc.	116,421	10,584	13,719
Microsoft Corp.	142,961	21,214	60,823
Motorola Solutions Inc.	28,060	6,691	9,644
NVIDIA Corp.	45,261	7,055	16,840
PayPal Holdings Inc.	52,853	5,345	12,608
Salesforce.com Inc.	43,262	10,240	13,908
ServiceNow Inc.	18,560	9,145	15,240
Snap Inc.	134,599	11,299	8,008
Texas Instruments Inc.	20,836	2,608	4,968
Visa Inc. Class A	52,008	8,886	14,258
Real Estate			
American Tower Corp. REIT Class A	4,660	518	1,724
Total United States Common Stock		268,520	490,483

Science and Technology Fund 2.76G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Global Common Stock			
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	64,549	6,011	9,824
United Kingdom			
Atlassian Corp. PLC	14,149	3,493	6,825
Total Global Common Stock		9,504	16,649
Total Stocks		331,432	612,672
Transaction Costs (see notes to financial statements (note 2))		(147)	
Total Investments		331,285	612,672

Science and Technology Fund 2.76G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Science and Technology Fund 2.76G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Science and Technology Fund 2.76G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 512,382	\$ 4,605	\$ 516,987	\$ 5,170
Total	\$ 512,382	\$ 4,605	\$ 516,987	\$ 5,170
As Percent of Net Assets Attributable to Contractholders				83.6%
				0.8%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 416,448	\$ 94	\$ 416,542	\$ 4,165
Total	\$ 416,448	\$ 94	\$ 416,542	\$ 4,165
As Percent of Net Assets Attributable to Contractholders				84.4%
				0.8%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$6,127 (\$4,810 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Science and Technology Fund 2.76G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Stocks	\$	612,672	\$ —	\$ —	\$ 612,672
Total assets measured at fair value	\$	612,672	\$ —	\$ —	\$ 612,672

		2020			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Stocks	\$	480,904	\$ 109	\$ —	\$ 481,013
Total assets measured at fair value	\$	480,904	\$ 109	\$ —	\$ 481,013

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Science and Technology Fund 2.76G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	408,120	346,646	294,093	275,015	219,141	264,713	183,150	107,109	73,048	53,926
Individual	772,829	866,184	921,784	1,071,551	1,082,561	54,357	51,195	38,741	33,883	32,727
75/75 guarantee policy	438,370	502,891	502,123	474,041	352,551	37,734	36,327	25,758	18,271	12,974
75/100 guarantee policy	1,425,677	1,581,980	1,530,411	1,509,203	967,566	120,642	112,493	77,385	57,415	35,192
100/100 guarantee policy	94,934	107,535	106,109	95,103	80,064	7,477	7,161	5,055	3,430	2,778
PS1 75/75 guarantee policy	314,167	295,205	242,124	234,614	176,239	22,238	17,446	10,110	7,323	5,225
PS1 75/100 guarantee policy	1,350,348	1,228,169	1,049,294	1,026,316	693,968	92,561	70,525	42,713	31,335	20,191
PS1 100/100 guarantee policy	52,348	45,926	55,460	55,729	21,815	3,400	2,513	2,163	1,639	615
PS2 75/75 guarantee policy	68,138	69,710	68,246	96,844	95,359	6,140	5,115	3,451	3,570	3,255
PS2 75/100 guarantee policy	84,340	82,036	76,311	102,721	70,395	7,600	6,021	3,859	3,786	2,403
PS2 100/100 guarantee policy	510	4,410	1,579	245	—	46	324	80	9	—
PS 75/75 guarantee policy	17,415	17,575	23,829	4,960	—	356	298	284	44	—
PS 75/100 guarantee policy	26,487	29,390	22,922	1,875	—	539	497	273	17	—
PPS 75/75 guarantee policy	11,758	13,395	10,609	—	—	245	230	127	—	—
PPS 75/100 guarantee policy	25,750	6,489	14,717	4,267	—	530	111	176	38	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	648.61	528.35	364.20	265.62	246.08	120.26	164.15
Individual	70.34	59.10	42.03	31.62	30.23	11.24	17.07
75/75 guarantee policy	86.08	72.24	51.30	38.54	36.80	13.84	20.94
75/100 guarantee policy	84.62	71.11	50.56	38.04	36.37	13.51	20.55
100/100 guarantee policy	78.76	66.59	47.64	36.06	34.69	12.17	18.95
PS1 75/75 guarantee policy	70.78	59.10	41.76	31.21	29.65	11.68	17.34
PS1 75/100 guarantee policy	68.55	57.42	40.71	30.53	29.10	11.13	16.71
PS1 100/100 guarantee policy	64.95	54.72	39.01	29.42	28.19	10.23	15.71
PS2 75/75 guarantee policy	90.12	73.38	50.56	36.86	34.14	16.74	22.82
PS2 75/100 guarantee policy	90.11	73.38	50.56	36.86	34.14	16.73	22.82
PS2 100/100 guarantee policy	90.11	73.38	50.56	36.86	—	16.73	22.82
PS 75/75 guarantee policy	20.45	16.97	11.92	8.86	—	3.48	5.05
PS 75/100 guarantee policy	20.36	16.92	11.90	8.85	—	3.44	5.02
PPS 75/75 guarantee policy	20.82	17.19	12.01	—	—	3.63	5.18
PPS 75/100 guarantee policy	20.58	17.05	11.95	8.86	—	3.53	5.10

Science and Technology Fund 2.76G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Science and Technology Fund 2.76G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Science and Technology Fund 2.76G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Science and Technology Fund 2.76G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Science and Technology Fund 2.76G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Science and Technology Fund 2.76G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Science and Technology Fund 2.76G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Science and Technology Fund 2.76G

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Science and Technology Fund 2.76G

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Science and Technology Fund 2.76G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.15	3.15	3.16	3.18	3.19
75/75 guarantee policy	3.02	3.01	3.02	3.04	3.05
75/100 guarantee policy	3.15	3.15	3.16	3.17	3.19
100/100 guarantee policy	3.76	3.76	3.77	3.79	3.80
PS1 75/75 guarantee policy	2.50	2.50	2.51	2.52	2.50
PS1 75/100 guarantee policy	2.84	2.83	2.85	2.85	2.84
PS1 100/100 guarantee policy	3.39	3.40	3.41	3.40	3.40
PS 75/75 guarantee policy	1.90	1.90	1.90	1.90	—
PS 75/100 guarantee policy	2.04	2.03	2.04	2.04	—
PPS 75/75 guarantee policy	1.39	1.39	1.39	—	—
PPS 75/100 guarantee policy	1.71	1.73	1.73	1.73	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	27.06	24.79	18.46	20.10	24.73

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

ETHICS FUND 2.77G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Ethics Fund 2.77G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Ethics Fund 2.77G

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,168	\$ 229
Investment income due and accrued	136	114
Due from The Canada Life Assurance Company (note 7)	34	41
Due from brokers	—	—
Due from outside parties	1	2
Investments		
Bonds	—	—
Stocks	90,509	75,523
Investment fund units	—	—
Total investments	90,509	75,523
Total assets	\$ 91,848	\$ 75,909
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 91,848	\$ 75,909

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 18,187	\$ 4,372
Miscellaneous income (loss)	8	41
Total income	18,195	4,413
Expenses		
Management fees (note 7)	1,193	1,098
Transaction costs	67	57
Withholding taxes	4	8
Other	129	118
Total expenses	1,393	1,281
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 16,802	\$ 3,132

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 75,909	\$ 77,405
Contractholder deposits	10,713	3,035
Contractholder withdrawals	(11,576)	(7,663)
Increase (decrease) in net assets from operations attributable to contractholders	16,802	3,132
Change in net assets attributable to contractholders	15,939	(1,496)
Net assets attributable to contractholders - end of year	\$ 91,848	\$ 75,909

Ethics Fund 2.77G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 16,802	\$ 3,132
Adjustments		
Realized (gains) losses	(8,655)	(4,079)
Unrealized (gains) losses	(7,772)	1,618
Gross proceeds of disposition of investments	46,579	39,078
Gross payments for the purchase of investments	(45,138)	(35,646)
Change in investment income due and accrued	(22)	18
Change in due from/to The Canada Life Assurance Company	7	(13)
Change in due from/to brokers	—	(67)
Change in due from/to outside parties	1	—
	<u>1,802</u>	<u>4,041</u>
Financing Activities		
Contractholder deposits	10,713	3,035
Contractholder withdrawals	(11,576)	(7,663)
	<u>(863)</u>	<u>(4,628)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	939	(587)
Cash, short-term deposits and overdrafts, beginning of year	229	816
Cash, short-term deposits and overdrafts, end of year	\$ 1,168	\$ 229
Supplementary cash flow information		
Dividend income received	\$ 1,738	\$ 1,924

Ethics Fund 2.77G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Rogers Communications Inc. Class B non-voting	19,280	1,111	1,161
TELUS Corp.	45,924	1,162	1,368
TELUS International Inc.	9,535	338	399
Consumer Discretionary			
Aritzia Inc.	16,828	322	881
BRP Inc.	8,723	669	967
Canadian Tire Corp. Ltd. Class A non-voting	5,258	795	954
Dollarama Inc.	18,859	977	1,194
Magna International Inc.	9,103	703	932
Pet Valu Holdings Ltd.	28,911	723	1,043
Consumer Staples			
Alimentation Couche-Tard Inc.	29,125	980	1,544
Loblaw Companies Ltd.	16,739	1,164	1,735
Energy			
ARC Resources Ltd.	43,078	458	495
Canadian Natural Resources Ltd.	64,958	2,769	3,472
Headwater Exploration Inc.	118,305	439	609
Parkland Corp. of Canada	12,854	522	447
Pason Systems Inc.	62,278	607	719
Pembina Pipeline Corp.	38,067	1,488	1,461
Secure Energy Services Inc.	113,881	650	599
Tourmaline Oil Corp.	17,034	537	696
Financials			
Bank of Montreal	35,353	3,204	4,814
Brookfield Asset Management Inc.	50,505	1,775	3,857
Definity Financial Corp.	14,750	325	436
Intact Financial Corp.	16,679	2,076	2,742
National Bank of Canada	16,446	1,409	1,586
Royal Bank of Canada	60,396	4,303	8,107
Sun Life Financial Inc.	22,088	1,157	1,555
The Toronto-Dominion Bank	66,226	3,682	6,422
Thomson Reuters Corp.	5,093	526	770
TMX Group Ltd.	5,946	776	763

Ethics Fund 2.77G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Health Care			
dentalcorp Holdings Ltd.	40,498	568	659
Neighbourly Pharmacy Inc.	11,212	195	448
Industrials			
Boyd Group Services Inc.	5,854	1,191	1,169
Canadian National Railway Co.	16,885	1,301	2,624
Canadian Pacific Railway Ltd.	40,533	2,503	3,688
Stantec Inc.	14,249	541	1,013
TFI International Inc.	7,431	702	1,054
Toromont Industries Ltd.	7,432	511	850
Waste Connections Inc.	8,595	797	1,482
WSP Global Inc.	5,911	485	1,085
Information Technology			
CGI Group Inc. Class A sub. voting	14,793	851	1,655
Constellation Software Inc.	1,176	1,603	2,760
Dye & Durham Ltd.	11,228	213	504
Kinaxis Inc.	2,400	301	426
Open Text Corp.	28,231	1,337	1,695
Shopify Inc. [CAD]	1,514	2,768	2,637
Tecsys Inc.	5,252	210	276
The Descartes Systems Group Inc.	4,768	384	499
Materials			
Agnico Eagle Mines Ltd.	6,245	560	420
CCL Industries Inc. Class B non-voting	20,993	1,056	1,424
First Quantum Minerals Ltd.	15,998	392	484
Kirkland Lake Gold Ltd.	21,262	1,077	1,127
Major Drilling Group International Inc.	49,883	435	412
Methanex Corp.	12,178	594	609
Nutrien Ltd. [CAD]	19,182	1,289	1,824
Wheaton Precious Metals Corp.	19,897	1,105	1,080
Real Estate			
Allied Properties REIT	21,345	927	938
Colliers International Group Inc.	5,200	519	980

Ethics Fund 2.77G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Utilities			
Boralex Inc. Class A	23,732	573	823
Northland Power Inc.	10,885	478	413
Total Canadian Common Stock		61,113	86,786
United States Common Stock			
Consumer Discretionary			
Amazon.com Inc.	155	597	654
Financials			
Digital Realty Trust Inc. REIT	2,373	429	531
Information Technology			
Microsoft Corp.	2,205	618	938
Visa Inc. Class A	3,426	935	939
Real Estate			
Equinix Inc. REIT	618	387	661
Total United States Common Stock		2,966	3,723
Total Stocks		64,079	90,509
Transaction Costs (see notes to financial statements (note 2))		(47)	
Total Investments		64,032	90,509

Ethics Fund 2.77G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Ethics Fund 2.77G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Ethics Fund 2.77G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 3,723	\$ 346	\$ 4,069	\$ 41
Total	\$ 3,723	\$ 346	\$ 4,069	\$ 41
As Percent of Net Assets Attributable to Contractholders				4.4%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 5,167	\$ 8	\$ 5,175	\$ 52
Total	\$ 5,167	\$ 8	\$ 5,175	\$ 52
As Percent of Net Assets Attributable to Contractholders				6.8%
				0.1%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$905 (\$755 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Ethics Fund 2.77G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 90,509	\$ —	\$ —	\$ 90,509
Total assets measured at fair value	\$ 90,509	\$ —	\$ —	\$ 90,509

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 75,342	\$ 181	\$ —	\$ 75,523
Total assets measured at fair value	\$ 75,342	\$ 181	\$ —	\$ 75,523

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Ethics Fund 2.77G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	78,760	76,398	77,927	76,701	79,085	41,768	32,574	31,307	25,467	28,279
Individual	435,516	527,507	625,146	759,680	922,376	15,924	15,958	18,338	18,952	25,505
75/75 guarantee policy	123,815	137,198	136,655	145,085	147,632	2,955	2,703	2,605	2,347	2,642
75/100 guarantee policy	337,054	385,579	434,060	454,669	460,879	7,898	7,475	8,160	7,269	8,167
100/100 guarantee policy	20,982	22,063	27,363	27,997	30,087	472	412	497	434	519
PS1 75/75 guarantee policy	72,004	35,369	45,486	56,825	51,031	1,602	647	801	845	836
PS1 75/100 guarantee policy	228,905	234,346	243,695	245,532	252,061	4,985	4,203	4,219	3,599	4,076
PS1 100/100 guarantee policy	6,080	5,814	6,487	6,917	5,070	128	101	109	99	80
PS2 75/75 guarantee policy	3,108	2,554	5,579	12,807	200,882	86	57	116	221	3,728
PS2 75/100 guarantee policy	907	926	2,633	2,937	3,114	25	21	55	51	58
PS 75/75 guarantee policy	3,880	3,323	2,338	—	—	53	37	25	—	—
PS 75/100 guarantee policy	754	5,584	6,636	1,716	—	10	61	70	15	—
PPS 75/75 guarantee policy	690	596	513	—	—	9	7	5	—	—
PPS 75/100 guarantee policy	—	—	6,275	—	—	—	—	67	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	530.31	426.37	401.75	332.03	357.57	103.94	24.62
Individual	36.56	30.25	29.33	24.95	27.65	6.31	0.92
75/75 guarantee policy	23.87	19.70	19.06	16.18	17.90	4.17	0.64
75/100 guarantee policy	23.43	19.39	18.80	15.99	17.72	4.04	0.59
100/100 guarantee policy	22.47	18.66	18.16	15.50	17.25	3.81	0.50
PS1 75/75 guarantee policy	22.25	18.28	17.61	14.87	16.37	3.97	0.67
PS1 75/100 guarantee policy	21.78	17.94	17.31	14.66	16.17	3.84	0.63
PS1 100/100 guarantee policy	21.09	17.43	16.88	14.34	15.87	3.66	0.55
PS2 75/75 guarantee policy	27.56	22.15	20.87	17.24	18.56	5.41	1.28
PS2 75/100 guarantee policy	27.56	22.15	20.87	17.24	18.56	5.41	1.28
PS 75/75 guarantee policy	13.54	11.06	10.58	—	—	2.48	0.48
PS 75/100 guarantee policy	13.44	11.00	10.54	8.87	—	2.44	0.46
PPS 75/75 guarantee policy	13.76	11.18	10.65	—	—	2.58	0.53
PPS 75/100 guarantee policy	—	—	10.61	—	—	—	—

Ethics Fund 2.77G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Ethics Fund 2.77G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Ethics Fund 2.77G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Ethics Fund 2.77G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Ethics Fund 2.77G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Ethics Fund 2.77G

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Ethics Fund 2.77G

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Ethics Fund 2.77G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.91	2.91	2.91	2.92	2.91
75/75 guarantee policy	2.68	2.68	2.68	2.73	2.79
75/100 guarantee policy	2.90	2.90	2.91	2.92	2.90
100/100 guarantee policy	3.27	3.27	3.28	3.29	3.28
PS1 75/75 guarantee policy	2.21	2.23	2.23	2.24	2.22
PS1 75/100 guarantee policy	2.45	2.45	2.45	2.46	2.45
PS1 100/100 guarantee policy	2.78	2.79	2.79	2.79	2.78
PS 75/75 guarantee policy	1.56	1.57	1.55	—	—
PS 75/100 guarantee policy	1.79	1.79	1.79	1.79	—
PPS 75/75 guarantee policy	1.10	1.10	1.11	—	—
PPS 75/100 guarantee policy	—	—	1.34	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	54.68	50.26	35.59	22.45	37.31

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

EQUITY/BOND FUND 2.15G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Equity/Bond Fund 2.15G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Equity/Bond Fund 2.15G

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,583	\$ 4,322
Investment income due and accrued	252	268
Due from The Canada Life Assurance Company (note 9)	—	—
Due from brokers	—	—
Due from outside parties	5	5
Investments		
Bonds	27,165	39,593
Stocks	85,156	59,626
Investment fund units (note 3)	5,630	11,028
Derivatives (note 8)	9	—
Total investments	117,960	110,247
Total assets	\$ 119,800	\$ 114,842
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 9)	78	11
Due to brokers	—	38
Due to outside parties	—	—
Derivatives (note 8)	21	—
Total liabilities excluding net assets attributable to contractholders	99	49
Net assets attributable to contractholders	\$ 119,701	\$ 114,793

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 18,235	\$ 8,112
Miscellaneous income (loss)	25	(207)
Total income	18,260	7,905
Expenses		
Management fees (note 9)	2,182	2,139
Transaction costs	54	49
Withholding taxes	31	33
Other	215	211
Total expenses	2,482	2,432
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 15,778	\$ 5,473

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 114,793	\$ 117,681
Contractholder deposits	1,567	3,155
Contractholder withdrawals	(12,437)	(11,516)
Increase (decrease) in net assets from operations attributable to contractholders	15,778	5,473
Change in net assets attributable to contractholders	4,908	(2,888)
Net assets attributable to contractholders - end of year	\$ 119,701	\$ 114,793

Equity/Bond Fund 2.15G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
		(note 10)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 15,778	\$ 5,473
Adjustments		
Add back amortization of premium (discount)	(28)	(1)
Realized (gains) losses	(12,438)	(5,102)
Unrealized (gains) losses	(3,504)	(558)
Gross proceeds of disposition of investments	107,340	76,689
Gross payments for the purchase of investments	(99,062)	(64,626)
Change in investment income due and accrued	16	9
Change in due from/to The Canada Life Assurance Company	67	15
Change in due from/to brokers	(38)	(1)
	<u>8,131</u>	<u>11,898</u>
Financing Activities		
Contractholder deposits	1,567	3,155
Contractholder withdrawals	(12,437)	(11,516)
	<u>(10,870)</u>	<u>(8,361)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(2,739)	3,537
Cash, short-term deposits and overdrafts, beginning of year	4,322	785
Cash, short-term deposits and overdrafts, end of year	\$ 1,583	\$ 4,322
Supplementary cash flow information		
Interest income received	\$ 882	\$ 1,052
Dividend income received	1,398	1,419

Equity/Bond Fund 2.15G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.75% 06-15-2030	100,000	100	100
Government of Canada 0.50% 12-01-2050 Real Return	259,000	327	341
Government of Canada 0.75% 10-01-2024	40,000	40	40
Government of Canada 1.00% 09-01-2026	1,340,000	1,320	1,325
Government of Canada 1.50% 06-01-2031	57,000	57	57
Government of Canada 1.50% 12-01-2044 Real Return	85,000	142	146
Government of Canada 1.75% 12-01-2053	41,000	40	41
Government of Canada 2.00% 12-01-2051	833,000	874	896
Muskrat Falls 3.86% 12-01-2048	194,000	198	252
Muskrat Falls/Labrador Transmissions Assets Funding 3.83% 06-01-2037	207,000	211	250
Total Federal Government		3,309	3,448
Provincial Governments			
Hydro-Quebec 4.00% 02-15-2055	137,000	195	185
Ontario Power Generation Inc. 3.215% 04-08-2030	98,000	103	104
Province of Alberta 2.95% 06-01-2052	90,000	92	98
Province of Alberta 3.05% 12-01-2048	125,000	129	137
Province of Alberta 3.10% 06-01-2050	349,000	369	388
Province of British Columbia 1.55% 06-18-2031	520,000	493	501
Province of British Columbia 2.75% 06-18-2052	320,000	314	344
Province of British Columbia 2.95% 06-18-2050	137,000	145	152
Province of Manitoba 2.05% 09-05-2052	70,000	57	63
Province of Manitoba 2.85% 09-05-2046	95,000	92	100
Province of Manitoba 3.20% 03-05-2050	130,000	138	147
Province of Nova Scotia 3.15% 12-01-2051	167,000	198	189
Province of Ontario 1.55% 11-01-2029	192,000	192	188
Province of Ontario 2.25% 12-02-2031	1,771,000	1,769	1,797
Province of Ontario 2.65% 12-02-2050	46,000	48	48
Province of Ontario 3.45% 06-02-2045	100,000	114	117
Province of Quebec 1.50% 09-01-2031	417,000	398	399
Province of Quebec 3.50% 12-01-2048	30,000	35	36
Province of Quebec 4.25% 12-01-2043	702,000	848	919
Province of Saskatchewan 2.80% 12-02-2052	195,000	196	207
Province of Saskatchewan 3.10% 06-02-2050	590,000	625	657
Total Provincial Governments		6,550	6,776

Equity/Bond Fund 2.15G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Municipal Governments			
City of Toronto 4.70% 06-10-2041	249,000	267	328
Total Municipal Governments		267	328
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	29,000	29	29
AIMCo Realty Investors LP 2.195% 11-04-2026	20,000	20	20
AIMCo Realty Investors LP 2.712% 06-01-2029	115,000	118	118
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	104,000	119	113
Algonquin Power Co. 2.85% 07-15-2031	28,000	28	28
Allied Properties REIT 1.726% 02-12-2026	11,000	11	11
AltaGas Ltd. 2.166% 03-16-2027	60,000	60	59
ARC Resources Ltd. 2.354% 03-10-2026	34,000	34	34
ARC Resources Ltd. 3.465% 03-10-2031	34,000	34	35
Bank of Montreal 1.551% 05-28-2026	48,000	48	47
Bank of Montreal 1.758% 03-10-2026	60,000	60	60
Bank of Montreal 1.928% 07-22-2031	34,000	34	33
Bank of Montreal 2.077% 06-17-2030	37,000	37	37
Bank of Montreal 2.37% 02-03-2025	23,000	23	23
Bank of Montreal 4.30% 11-26-2025	38,000	38	40
BCI QuadReal Realty 1.056% 03-12-2024	18,000	18	18
BCI QuadReal Realty 1.073% 02-04-2026	27,000	27	26
BCIMC Realty Corp. 2.84% 06-03-2025	63,000	65	65
Bell Canada Inc. 1.65% 08-16-2027	4,000	4	4
Bell Canada Inc. 2.20% 05-29-2028	48,000	48	47
Bell Canada Inc. 2.90% 09-10-2029	61,000	66	62
Bell Canada Inc. 3.35% 03-12-2025	17,000	17	18
Bell Canada Inc. 3.50% 09-30-2050	44,000	45	42
Bell Canada Inc. 4.45% 02-27-2047	10,000	12	11
BMW Canada Inc. 0.99% 01-14-2025	16,000	16	16
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	78,000	78	81
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	114,000	125	125
Brookfield Infrastructure Partners 3.315% 02-22-2024	36,000	36	37
Brookfield Property Finance ULC 3.93% 01-15-2027	161,000	161	162
Brookfield Property Finance ULC 4.30% 03-01-2024	243,000	244	248
Brookfield Property Finance ULC 4.346% 07-03-2023	68,000	71	69
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	127,000	143	135

Equity/Bond Fund 2.15G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Brookfield Renewable Partners ULC 3.33% 08-13-2050	27,000	27	27
Brookfield Renewable Partners ULC 3.38% 01-15-2030	78,000	78	83
Brookfield Renewable Partners ULC 4.29% 11-05-2049	101,000	101	117
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	10,000	10	10
Bruce Power LP 4.00% 06-21-2030	46,000	51	50
Calgary Airport Authority 3.199% 10-07-2036	10,000	10	10
Canada Housing Trust No. 1 Floating Rate 03-15-2026	176,000	177	177
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	160,000	160	155
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	108,000	108	107
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	185,000	188	186
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	24,000	24	24
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	15,000	15	16
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	43,000	43	43
Canadian National Railway Co. 3.00% 02-08-2029	30,000	30	31
Canadian Natural Resources Ltd. 2.50% 01-17-2028	57,000	57	57
Canadian Natural Resources Ltd. 3.42% 12-01-2026	134,000	135	140
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	53,000	53	54
Canadian Western Bank 1.57% 09-14-2023	12,000	12	12
Canadian Western Bank 1.926% 04-16-2026	37,000	37	37
Canadian Western Bank 2.606% 01-30-2025	13,000	13	13
Canadian Western Bank 5.00% 07-31-2081	12,000	12	12
Canadian Western Bank 6.00% 04-30-2081	16,000	16	17
Canadian Western Bank Floating Rate 01-22-2024	55,000	55	55
CanWel Building Materials Group Ltd. 5.25% 05-15-2026	8,000	8	8
Capital Power Corp. 4.284% 09-18-2024	145,000	160	153
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2025	34,000	34	35
CDP Financial Inc. 1.50% 10-19-2026	54,000	54	54
Cenovus Energy Inc. 3.50% 02-07-2028	177,000	177	185
Central 1 Credit Union 2.584% 12-06-2023	119,000	119	121
CGI Inc. 2.10% 09-18-2028	14,000	14	14
Choice Properties REIT 2.456% 11-30-2026	12,000	12	12
Choice Properties REIT 2.848% 05-21-2027	68,000	70	70
Coast Capital Savings Federal Credit Union 5.00% 05-03-2028	67,000	70	70
Cogeco Communications Inc. 2.991% 09-22-2031	17,000	17	17
Corus Entertainment Inc. 5.00% 05-11-2028	10,000	10	10
Crombie REIT 3.133% 08-12-2031	11,000	11	11

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Crombie REIT 3.677% 08-26-2026	24,000	24	25
CT REIT 2.371% 01-06-2031	38,000	38	36
CU Inc. 4.085% 09-02-2044	20,000	22	23
Curaleaf Holdings Inc. 8.00% 12-15-2026	20,000	26	25
Dollarama Inc. 1.505% 09-20-2027	30,000	30	29
Dream Industrial REIT 1.662% 12-22-2025	17,000	17	17
Dream Industrial REIT 2.057% 06-17-2027	42,000	42	41
Dream Industrial REIT 2.539% 12-07-2026	15,000	15	15
Enbridge Gas Inc. 3.20% 09-15-2051	8,000	8	8
Enbridge Inc. 3.10% 09-21-2033	288,000	284	285
Enbridge Inc. 5.375% 09-27-2077	185,000	188	196
Enbridge Pipelines Inc. 3.79% 08-17-2023	84,000	90	87
Enbridge Pipelines Inc. 4.33% 02-22-2049	20,000	21	22
EPCOR Utilities Inc. 3.554% 11-27-2047	16,000	16	18
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	65,000	65	68
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	72,000	78	77
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	21,000	21	21
First National Financial Corp. 2.961% 11-17-2025	18,000	18	18
Ford Credit Canada Co. 2.961% 09-16-2026	10,000	10	10
Fortified Trust 1.964% 10-23-2026	47,000	47	47
Gibson Energy Inc. 3.60% 09-17-2029	73,000	73	77
Gibson Energy Inc. 5.25% 12-22-2030	52,000	52	52
Granite REIT Holdings LP 2.194% 08-30-2028	24,000	24	24
Granite REIT Holdings LP 2.378% 12-18-2030	14,000	14	14
Granite REIT Holdings LP 3.062% 06-04-2027	14,000	14	15
Greater Toronto Airports Authority 2.75% 10-17-2039	116,000	116	114
H&R REIT 2.633% 02-19-2027	45,000	45	45
H&R REIT 2.906% 06-02-2026	45,000	46	46
H&R REIT 4.071% 06-16-2025	44,000	47	47
HCN Canadian Holdings-1 LP 2.95% 01-15-2027	53,000	53	54
Honda Canada Finance Inc. 1.646% 02-25-2028	40,000	40	39
Honda Canada Finance Inc. Floating Rate 02-26-2024	42,000	42	42
HSBC Bank Canada 2.17% 06-29-2022	298,000	295	300
HSBC Bank Canada 2.253% 09-15-2022	49,000	49	49
Hydro One Inc. 1.41% 10-15-2027	48,000	48	46
Hydro One Inc. 2.23% 09-17-2031	32,000	32	32
Hydro One Inc. 3.10% 09-15-2051	10,000	10	10

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Hyundai Capital Canada Inc. 2.008% 05-12-2026	21,000	21	21
iA Financial Corp. Inc. 2.40% 02-21-2025	20,000	20	20
Intact Financial Corp. 2.179% 05-18-2028	22,000	22	22
Intact Financial Corp. 4.125% 03-31-2081	8,000	8	8
Inter Pipeline Ltd. 3.484% 12-16-2026	72,000	72	74
Inter Pipeline Ltd. 3.983% 11-25-2031	110,000	110	113
Inter Pipeline Ltd. 4.232% 06-01-2027	20,000	21	21
Inter Pipeline Ltd. 6.875% 03-26-2079	22,000	22	24
John Deere Financial Inc. 1.63% 04-09-2026	10,000	10	10
Keyera Corp. 3.959% 05-29-2030	39,000	42	41
Keyera Corp. 5.95% 03-10-2081	28,000	28	29
Kruger Packaging Holdings LP 6.00% 06-01-2026	32,000	32	34
Kruger Products LP 5.375% 04-09-2029	5,000	5	5
Laurentian Bank of Canada 1.15% 06-03-2024	29,000	29	29
Laurentian Bank of Canada 1.603% 05-06-2026	9,000	9	9
Laurentian Bank of Canada 4.25% 06-22-2027	148,000	149	150
Loblaw Companies Ltd. 6.54% 02-17-2033	53,000	63	69
Lower Mattagami Energy LP 2.433% 05-14-2031	28,000	28	28
Manulife Bank of Canada 1.536% 09-14-2026	33,000	33	32
Manulife Financial Corp. 3.049% 08-20-2029	259,000	265	267
Manulife Financial Corp. 4.10% 03-19-2082	25,000	25	25
MCAP Commercial LP 3.743% 08-25-2025	36,000	36	37
Metro Inc. 3.413% 02-28-2050	67,000	67	66
Metro Inc. 5.03% 12-01-2044	17,000	19	21
Morgan Stanley Floating Rate 03-21-2025	80,000	80	80
National Bank of Canada 1.534% 06-15-2026	25,000	25	25
National Bank of Canada 2.237% 11-04-2026	28,000	28	28
National Bank of Canada 2.545% 07-12-2024	223,000	236	228
National Bank of Canada 2.58% 02-03-2025	175,000	179	179
National Bank of Canada 2.983% 03-04-2024	157,000	168	162
National Bank of Canada 3.183% 02-01-2028	85,000	88	87
National Bank of Canada 4.05% 08-15-2081	34,000	34	33
National Bank of Canada 4.30% 11-15-2025	81,000	81	84
North West Redwater Partnership 2.80% 06-01-2027	40,000	41	41
North West Redwater Partnership 3.70% 02-23-2043	20,000	20	21
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	87,000	87	87
OMERS Finance Trust 2.60% 05-14-2029	89,000	89	93

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
OMERS Realty Corp. 3.628% 06-05-2030	28,000	33	31
Ontario Power Generation Inc. 2.893% 04-08-2025	109,000	118	113
Parkland Corp. of Canada 3.875% 06-16-2026	79,000	79	79
Parkland Corp. of Canada 4.375% 03-26-2029	117,000	117	116
Parkland Corp. of Canada 4.50% 10-01-2029 144A	70,000	88	89
Parkland Corp. of Canada 6.00% 06-23-2028	60,000	60	64
Pembina Pipeline Corp. 2.56% 06-01-2023	97,000	97	98
Pembina Pipeline Corp. 3.53% 12-10-2031	18,000	18	18
Pembina Pipeline Corp. 4.02% 03-27-2028	41,000	44	44
Pembina Pipeline Corp. 4.54% 04-03-2049	10,000	10	11
Pembina Pipeline Corp. 4.74% 01-21-2047	10,000	11	11
Pembina Pipeline Corp. 4.75% 03-26-2048	16,000	18	18
Pembina Pipeline Corp. 4.80% 01-25-2031	40,000	40	39
Pembina Pipeline Corp. 4.81% 03-25-2044	30,000	32	33
Prime Structured Mortgage Trust 1.856% 11-15-2024	32,000	32	32
PSP Capital Inc. 2.05% 01-15-2030	15,000	15	15
Reliance LP 2.67% 08-01-2028	30,000	30	30
Reliance LP 2.68% 12-01-2027	51,000	51	51
Reliance LP 3.75% 03-15-2026	25,000	25	26
RioCan REIT 2.361% 03-10-2027	37,000	37	37
RioCan REIT 2.576% 02-12-2025	68,000	68	69
RioCan REIT 2.829% 11-08-2028	10,000	10	10
Rogers Communication Inc. 5.00% 12-17-2081	57,000	57	58
Royal Bank of Canada 1.67% 01-28-2033	57,000	57	55
Royal Bank of Canada 1.833% 07-31-2028	53,000	53	52
Royal Bank of Canada 2.088% 06-30-2030	22,000	22	22
Royal Bank of Canada 2.14% 11-03-2031	40,000	40	40
Royal Bank of Canada 2.328% 01-28-2027	87,000	87	88
Royal Bank of Canada 2.88% 12-23-2029	415,000	422	425
Royal Bank of Canada 3.65% 11-24-2081	50,000	50	48
Royal Bank of Canada 4.50% 11-24-2080	13,000	13	14
Russel Metals Inc. 5.75% 10-27-2025	72,000	72	76
Sagen MI Canada Inc. 3.261% 03-05-2031	64,000	64	65
Sagen MI Canada Inc. 4.95% 03-24-2081	19,000	19	19
Saputo Inc. 2.242% 06-16-2027	50,000	50	50
Saputo Inc. 2.297% 06-22-2028	15,000	15	15
Shaw Communications Inc. 4.40% 11-02-2028	100,000	118	110

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Shaw Communications Inc. 6.75% 11-09-2039	28,000	32	37
Sienna Senior Living Inc. 2.82% 03-31-2027	10,000	10	10
SmartCentres REIT 3.526% 12-20-2029	66,000	66	69
SmartCentres REIT 3.834% 12-21-2027	40,000	42	43
Summit Industrial Income REIT 1.82% 04-01-2026	24,000	24	24
Summit Industrial Income REIT 2.25% 01-12-2027	45,000	45	45
Summit Industrial Income REIT 2.44% 07-14-2028	12,000	12	12
Sun Life Financial Inc. 2.06% 10-01-2035	84,000	84	80
Sun Life Financial Inc. 2.38% 08-13-2029	166,000	166	168
Sun Life Financial Inc. 2.58% 05-10-2032	133,000	137	135
Sun Life Financial Inc. 2.80% 11-21-2033	46,000	46	47
Sun Life Financial Inc. 3.60% 06-30-2081	34,000	34	33
Suncor Energy Inc. 3.10% 05-24-2029	87,000	91	90
Suncor Energy Inc. 3.95% 03-04-2051	41,000	40	41
Superior Plus LP 4.25% 05-18-2028	110,000	110	111
TELUS Corp. 2.05% 10-07-2030	137,000	132	130
TELUS Corp. 2.35% 01-27-2028	39,000	39	39
TELUS Corp. 2.85% 11-13-2031	29,000	29	29
TELUS Corp. 3.15% 02-19-2030	18,000	19	19
TELUS Corp. 3.30% 05-02-2029	85,000	90	89
TELUS Corp. 3.95% 02-16-2050	32,000	34	33
TELUS Corp. 4.85% 04-05-2044	27,000	32	31
Teranet Holdings LP 3.544% 06-11-2025	77,000	77	81
The Bank of Nova Scotia 1.40% 11-01-2027	101,000	98	97
The Bank of Nova Scotia 2.16% 02-03-2025	19,000	20	19
The Bank of Nova Scotia 3.70% 07-27-2081	61,000	61	60
The Bank of Nova Scotia Floating Rate 08-04-2026	52,000	52	52
The Empire Life Insurance Co. 3.625% 04-17-2026	14,000	14	14
The Independent Order of Foresters 2.885% 10-15-2035	67,000	67	68
The Toronto-Dominion Bank 1.888% 03-08-2028	148,000	148	146
The Toronto-Dominion Bank 1.896% 09-11-2028	59,000	59	58
The Toronto-Dominion Bank 1.943% 03-13-2025	96,000	96	96
The Toronto-Dominion Bank 3.06% 01-26-2032	143,000	143	148
The Toronto-Dominion Bank 3.105% 04-22-2030	60,000	61	62
The Toronto-Dominion Bank 3.60% 10-31-2081	31,000	31	30
Thomson Reuters Corp. 2.239% 05-14-2025	85,000	88	86
TMX Group Ltd. 2.016% 02-12-2031	18,000	18	17

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Toronto Hydro Corp. 2.47% 10-20-2031	18,000	18	18
Tourmaline Oil Corp. 2.077% 01-25-2028	13,000	13	13
Tourmaline Oil Corp. 2.529% 02-12-2029	12,000	12	12
Toyota Credit Canada Inc. 1.18% 02-23-2026	30,000	30	29
TransCanada PipeLines Ltd. 3.00% 09-18-2029	16,000	16	16
TransCanada PipeLines Ltd. 3.80% 04-05-2027	44,000	50	47
TransCanada PipeLines Ltd. 4.18% 07-03-2048	30,000	32	31
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	158,000	159	163
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	58,000	58	58
TransCanada Trust 4.20% 03-04-2081	71,000	71	70
Transcontinental Inc. 2.28% 07-13-2026	10,000	10	10
Ventas Canada Finance Ltd. 2.45% 01-04-2027	20,000	20	20
Ventas Canada Finance Ltd. 2.80% 04-12-2024	44,000	45	45
Ventas Canada Finance Ltd. 3.30% 12-01-2031	22,000	22	22
Videotron Ltd. 3.125% 01-15-2031	10,000	10	9
Videotron Ltd. 4.50% 01-15-2030	173,000	173	177
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	40,000	40	39
Waste Management of Canada Corp. 2.60% 09-23-2026	87,000	87	89
WSP Global Inc. 2.408% 04-19-2028	53,000	53	53
Total Corporate - Non-convertible		13,827	13,864
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	3,000	4	4
Total Corporate - Convertible		4	4
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	17,000	7	7
Peoples Trust 1.91% 09-01-2029	135,000	128	129
Scotia Capital Inc. 0.55% 01-01-2026	260,000	239	233
Scotia Capital Inc. 0.89% 09-01-2026	80,000	77	77

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Canadian Bonds (continued)			
Mortgage Backed (continued)			
Scotia Capital Inc. 1.25% 03-01-2025	166,000	135	133
Total Mortgage Backed		586	579
Total Canadian Bonds		24,543	24,999
United States Bonds			
Federal Government			
United States Treasury Inflation Index 0.25% 02-15-2050	173,000	264	285
Total Federal Government		264	285
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	8,000	10	10
Ashton Woods USA LLC/Ashton Woods Finance Co. 4.625% 04-01-2030	3,000	4	4
AT&T Inc. Floating Rate 03-25-2024	17,000	21	22
Athene Global Funding Floating Rate 04-09-2024	70,000	70	70
Bank of America Corp. 1.978% 09-15-2027	37,000	37	37
Bank of America Corp. 2.598% 04-04-2029	45,000	45	45
Bank of America Corp. 3.407% 09-20-2025	116,000	119	121
Bank of America Corp. Floating Rate 09-15-2027	39,000	39	39
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 3.50% 06-01-2041	20,000	25	25
DIRECTV Holdings LLC/DIRECTV Financing Co. 5.875% 08-15-2027	5,000	6	6
Ford Motor Co. 3.25% 02-12-2032	76,000	96	99
Goldman Sachs Group Inc. Floating Rate 04-29-2025	84,000	84	84
JPMorgan Chase & Co. 1.896% 03-05-2028	74,000	74	73
Mastercard Inc. 1.90% 03-15-2031	15,000	19	19
Mav Acquisition Corp. 5.75% 08-01-2028	10,000	13	13
McDonald's Corp. 3.125% 03-04-2025	77,000	77	80
Nestle Holdings Inc. 2.192% 01-26-2029	24,000	24	24
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	19,000	23	24
R.R. Donnelley & Sons Co. 6.125% 11-01-2026	7,000	9	10
Terex Corp. 5.00% 05-15-2029	7,000	9	9
The Estee Lauder Companies Inc. 1.95% 03-15-2031	25,000	31	31
The Goldman Sachs Group Inc. 2.013% 02-28-2028	75,000	75	73
The Goldman Sachs Group Inc. 2.599% 11-30-2027	46,000	46	47

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
The Walt Disney Co. 3.057% 03-30-2027	170,000	180	176
Univision Communications Inc. 4.50% 05-01-2029	7,000	8	9
Verizon Communications Inc. 2.375% 03-22-2028	65,000	65	65
Verizon Communications Inc. 2.55% 03-21-2031	15,000	19	19
Verizon Communications Inc. 3.55% 03-22-2051	6,000	7	8
Verizon Communications Inc. Floating Rate 03-20-2026	19,000	24	24
Wells Fargo & Co. 2.975% 05-19-2026	20,000	22	21
Wells Fargo & Co. 3.90% 03-15-2026	15,000	19	19
Total Corporate - Non-convertible		1,300	1,306
Total United States Bonds		1,564	1,591
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	20,000	22	22
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	17,000	21	21
Japan			
Toyota Motor Corp. 1.339% 03-25-2026	17,000	21	21
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	44,000	44	44
Heathrow Funding Ltd. 3.40% 03-08-2028	76,000	76	79
Heathrow Funding Ltd. 3.726% 04-13-2033	31,000	32	32
Heathrow Funding Ltd. 3.782% 09-04-2032	22,000	22	23
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	90,000	90	96
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	8,000	10	10

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Global Bonds (continued)			
United Kingdom			
Lloyds Banking Group PLC 3.50% 02-03-2025	93,000	93	97
National Grid Electricity Transmission PLC 2.301% 06-22-2029	45,000	45	45
Supra - National			
International Bank for Reconstruction and Development 1.95% 09-20-2029	84,000	84	85
Total Global Bonds		560	575
Total Bonds		26,667	27,165
Canadian Common Stock			
Communication Services			
Rogers Communications Inc. Class B non-voting	10,391	612	626
TELUS Corp.	35,304	939	1,052
TELUS International Inc.	5,561	196	232
Consumer Discretionary			
Aritzia Inc.	9,024	201	472
BRP Inc.	4,900	383	543
Canadian Tire Corp. Ltd. Class A non-voting	3,045	484	552
Dollarama Inc.	10,308	544	653
Magna International Inc.	6,570	562	672
Pet Valu Holdings Ltd.	16,896	432	609
Consumer Staples			
Alimentation Couche-Tard Inc.	17,350	614	920
Loblaw Companies Ltd.	10,707	796	1,110
Energy			
ARC Resources Ltd.	23,994	251	276
Canadian Natural Resources Ltd.	35,205	1,507	1,882
Enbridge Inc. [CAD]	22,228	1,064	1,098
Headwater Exploration Inc.	69,614	264	359
Parkland Corp. of Canada	7,007	293	244
Pason Systems Inc.	37,218	364	429
Pembina Pipeline Corp.	11,812	420	453
Secure Energy Services Inc.	66,771	379	351

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Canadian Common Stock (continued)			
Energy (continued)			
TC Energy Corp.	13,266	821	780
Tourmaline Oil Corp.	9,488	292	387
Exchange Traded Funds			
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	14,903	197	195
Mackenzie Emerging Markets Bond Index ETF *	1,591	153	150
Mackenzie Emerging Markets Local Currency Bond Index ETF *	7,085	665	604
Mackenzie Floating Rate Income ETF *	78,687	1,516	1,516
Financials			
Bank of Montreal	18,846	1,834	2,567
Brookfield Asset Management Inc.	26,812	1,099	2,048
Definity Financial Corp.	8,371	184	247
Intact Financial Corp.	9,006	1,199	1,481
National Bank of Canada	8,761	758	845
Royal Bank of Canada	34,451	3,064	4,624
Sun Life Financial Inc.	11,920	637	839
The Toronto-Dominion Bank	38,475	2,615	3,731
Thomson Reuters Corp.	2,668	284	404
TMX Group Ltd.	3,081	402	395
Health Care			
dentalcorp Holdings Ltd.	22,292	314	363
Neighbourly Pharmacy Inc.	6,554	118	262
Industrials			
Boyd Group Services Inc.	3,266	673	652
Canadian National Railway Co.	9,419	967	1,464
Canadian Pacific Railway Ltd.	23,085	1,598	2,100
Stantec Inc.	7,737	312	550
TFI International Inc.	3,871	367	549
Toromont Industries Ltd.	3,852	281	441
Waste Connections Inc.	4,504	467	776
WSP Global Inc.	3,157	291	580

*The issuer of this security is a related company to the issuer of the Fund.

Equity/Bond Fund 2.15G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Information Technology			
CGI Group Inc. Class A sub. voting	7,903	602	884
Constellation Software Inc.	710	881	1,666
Dye & Durham Ltd.	6,064	128	272
Kinaxis Inc.	1,301	176	231
Open Text Corp.	18,291	895	1,098
Shopify Inc. [CAD]	816	1,491	1,421
Tecsys Inc.	3,003	126	158
The Descartes Systems Group Inc.	2,685	216	281
Materials			
Agnico Eagle Mines Ltd.	3,262	288	219
CCL Industries Inc. Class B non-voting	12,269	669	832
First Quantum Minerals Ltd.	8,494	209	257
Kirkland Lake Gold Ltd.	11,212	565	594
Major Drilling Group International Inc.	26,555	229	219
Methanex Corp.	7,016	341	351
Nutrien Ltd. [CAD]	10,173	650	967
Wheaton Precious Metals Corp.	10,468	585	568
Real Estate			
Allied Properties REIT	11,754	511	517
Colliers International Group Inc.	2,992	313	564
Utilities			
Boralex Inc. Class A	18,619	531	646
Northland Power Inc.	5,794	253	220
Total Canadian Common Stock		41,072	53,048
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	308	5	6
BCE Inc. 3.61% Preferred	543	8	11
BCE Inc. 4.13% Preferred	26	-	1
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	115	3	3

Equity/Bond Fund 2.15G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Canadian Preferred Stock (continued)			
Energy			
TC Energy Corp. 4.90% Preferred	1,568	39	40
TransAlta Corp. 4.027% Preferred	90	2	2
Financials			
Brookfield Asset Management Inc. Preferred Conv. Series 46	300	8	8
Utilities			
Emera Inc. 4.25% Preferred	28	1	1
Emera Inc. 4.60% Preferred	240	6	6
TransAlta Corp. 2.709% Preferred	496	6	8
Total Canadian Preferred Stock		78	86
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	363	641	1,330
Consumer Discretionary			
Amazon.com Inc.	141	448	595
Starbucks Corp.	4,282	630	634
Consumer Staples			
Costco Wholesale Corp.	904	536	649
PepsiCo Inc.	2,917	589	641
Exchange Traded Funds			
SPDR S&P 500 ETF TRUST	1,078	549	648
Financials			
CME Group Inc.	1,110	263	321
Moody's Corp.	1,885	785	931
Nasdaq Inc.	3,892	696	1,034
Signature Bank	2,094	444	857
SVB Financial Group	507	314	435

Equity/Bond Fund 2.15G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Health Care			
Charles River Laboratories International Inc.	1,523	647	726
Stryker Corp.	3,815	1,169	1,291
Thermo Fisher Scientific Inc.	1,163	795	982
Industrials			
Danaher Corp.	3,380	1,051	1,407
Equifax Inc.	3,544	961	1,313
Verisk Analytics Inc. Class A	1,090	274	315
Information Technology			
Adobe Inc.	838	352	601
Amphenol Corp. Class A	11,916	984	1,318
Autodesk Inc.	1,679	638	597
Automatic Data Processing Inc.	3,129	931	976
Keysight Technologies Inc.	5,762	1,027	1,505
Microsoft Corp.	4,440	1,058	1,889
ON Semiconductor Corp.	7,934	618	682
Roper Industries Inc.	822	438	511
Synopsys Inc.	2,745	914	1,280
Texas Instruments Inc.	2,179	477	520
Total United States Common Stock		18,229	23,988
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Series 11 Preferred	664	17	17
Brookfield Renewable Partners LP 5.00% Series 13 Preferred	254	6	7
France			
Schneider Electric SA	3,982	762	988
Hong Kong			
Techtronic Industries Co. Ltd.	28,896	584	728

Equity/Bond Fund 2.15G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Ireland			
Accenture PLC Class A	3,312	1,105	1,737
Aon Corp.	3,715	992	1,412
Steris PLC	3,105	791	956
Trane Technologies PLC	4,623	906	1,182
Switzerland			
Alcon Inc. ADR	9,136	798	1,007
Total Global Common Stock		5,961	8,034
Total Stocks		65,340	85,156

Equity/Bond Fund 2.15G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Investment Fund Units			
LL International Equity Fund *	171,345	3,026	5,630

Top 25 Holdings of the Investment Fund Units held above are as follows:

Security Description	% of Total
Nestle SA Reg.	3.42%
ASML Holding NV	2.89%
Novo Nordisk AS B	2.84%
LVMH Moet Hennessy Louis Vuitton SE	2.68%
TotalEnergies SE	2.54%
Keyence Corp.	2.30%
Diageo PLC	2.27%
Sony Group Corporation	2.15%
Schneider Electric SE	1.98%
Capgemini SA	1.83%
Ferguson PLC	1.79%
Hoya Corp	1.72%
L'Oreal SA	1.65%
AIA Group Ltd.	1.65%
DBS Group Holdings Ltd.	1.64%
BHP Group Ltd. [AUD shares]	1.64%
Lonza Group AG	1.62%
Linde PLC [EUR]	1.58%
GlaxoSmithKline PLC	1.48%
Vinci SA	1.44%
RELX PLC	1.44%
Allianz SE Reg.	1.42%
Atlas Copco AB A	1.41%
SMC Corp.	1.40%
Tokyo Electron LTD	1.39%

*The issuer of this security is a related company to the issuer of the Fund

Equity/Bond Fund 2.15G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

		Purchased Currency		Sold Currency		Unrealized Gain (Loss)
Contract Price	Settlement Date	Currency	Value as at December 31	Currency	Value as at December 31	
0.8062	January 14, 2022	United States Dollar	443	Canadian Dollar	434	9
Derivatives - Assets						9
0.7827	January 14, 2022	United States Dollar	38	Canadian Dollar	38	(1)
1.2441	January 14, 2022	Canadian Dollar	94	United States Dollar	96	(1)
1.2597	January 14, 2022	Canadian Dollar	718	United States Dollar	721	(3)
1.2328	February 11, 2022	Canadian Dollar	249	United States Dollar	255	(5)
1.2359	February 18, 2022	Canadian Dollar	23	United States Dollar	24	-
1.2569	February 18, 2022	Canadian Dollar	429	United States Dollar	431	(2)
Derivatives - Liabilities						(12)
Total Forward Currency Contracts						(3)

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(39)	CAD 120.40	US 5YR NOTE 31/03/2022	March 31, 2022	CAD 4,718	CAD 120.98	(3)
(3)	CAD 193.54	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 591	CAD 197.13	(6)
Derivatives - Liabilities						(9)
Total Futures Contracts						(9)

Total Derivative Instruments at Fair Value (12)

Total Investments 95,033 117,939

Equity/Bond Fund 2.15G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Equity/Bond Fund 2.15G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

For investment fund units, the Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussion about their respective risk exposure, are available upon request.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. As the Fund invests some of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units / shares. The Fund and the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Equity/Bond Fund 2.15G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 30,360	\$ 321	\$ 30,681	\$	307
Other Currencies	1,714	—	1,714		17
Total	\$ 32,074	\$ 321	\$ 32,395	\$	324
As Percent of Net Assets Attributable to Contractholders			27.1%		0.3%

*Includes both monetary and non-monetary instruments

2020					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 16,170	\$ 3,823	\$ 19,993	\$	200
Total	\$ 16,170	\$ 3,823	\$ 19,993	\$	200
As Percent of Net Assets Attributable to Contractholders			17.4%		0.2%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 349	\$ 7,009	\$ 10,769	\$ 9,038	\$ 27,165

2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 1,039	\$ 12,484	\$ 13,905	\$ 12,165	\$ 39,593

Equity/Bond Fund 2.15G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$2,253 (\$3,215 at December 31, 2020) or approximately 1.9% (2.8% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 10)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds, held directly by the Fund or indirectly held by the underlying funds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	7.1	1.6	7.3	2.5
AA	25.1	5.7	29.8	10.3
A	23.0	5.2	31.5	10.8
BBB	36.3	8.2	27.9	9.6
BB and lower	7.7	1.8	3.2	1.1
NR *	0.8	0.2	0.3	0.1
Total	100.0	22.7	100.0	34.4

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities other financial instruments and underlying funds within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

Equity/Bond Fund 2.15G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Other Price Risk (continued)

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$852 (\$596 at December 31, 2020) or approximately 0.7% (0.5% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 27,161	\$ 4	\$ 27,165
Stocks	85,156	—	—	85,156
Derivatives	—	9	—	9
Investment fund units	—	5,630	—	5,630
Total assets measured at fair value	\$ 85,156	\$ 32,800	\$ 4	\$ 117,960
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ 9	\$ 12	\$ —	\$ 21
Net assets attributable to contractholders measured at fair value	\$ 85,147	\$ 32,788	\$ 4	\$ 117,939

⁽¹⁾ Excludes collateral pledged to counterparties of \$151.

2020				
Assets Measured at Fair Value				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 39,593	\$ —	\$ 39,593
Stocks	59,521	105	—	59,626
Derivatives	—	—	—	—
Investment fund units	—	11,028	—	11,028
Total assets measured at fair value	\$ 59,521	\$ 50,726	\$ —	\$ 110,247

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Equity/Bond Fund 2.15G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification (continued)

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021	2020
	Bonds	Bonds
Balance, beginning of year	\$ —	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	—	—
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	4	—
Transfers out of Level 3	—	—
Balance, end of year	\$ 4	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

Equity/Bond Fund 2.15G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	118,708	137,879	142,222	151,394	159,963	46,902	46,544	44,752	41,126	44,773
Individual	525,193	600,043	688,216	844,991	911,167	14,021	14,059	15,439	16,808	19,185
75/75 guarantee policy	276,714	301,441	316,900	325,499	258,863	5,994	5,720	5,748	5,227	4,395
75/100 guarantee policy	1,577,633	1,751,405	1,977,911	1,945,035	1,684,261	33,823	32,952	35,631	31,069	28,479
100/100 guarantee policy	27,753	27,514	31,809	33,437	25,291	584	509	564	527	423
PS1 75/75 guarantee policy	117,796	103,569	107,970	101,963	75,459	2,407	1,847	1,833	1,527	1,189
PS1 75/100 guarantee policy	547,958	467,508	547,467	494,613	452,184	11,019	8,218	9,178	7,323	7,059
PS1 100/100 guarantee policy	13,594	13,263	14,967	17,387	17,912	268	229	247	254	276
PS2 75/75 guarantee policy	30,669	55,265	57,661	57,243	88,046	772	1,188	1,155	989	1,567
PS2 75/100 guarantee policy	39,106	46,073	43,577	49,003	45,024	984	990	873	847	801
PS 75/75 guarantee policy	588	2,297	6,427	4,686	—	8	26	68	44	—
PS 75/100 guarantee policy	206,071	198,761	185,232	75,400	—	2,659	2,226	1,965	701	—
PPS 75/100 guarantee policy	19,844	25,243	21,409	15,023	—	260	285	228	140	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	395.10	337.57	314.67	271.65	279.90	57.53	22.90
Individual	26.70	23.43	22.43	19.89	21.06	3.27	1.00
75/75 guarantee policy	21.66	18.98	18.14	16.06	16.98	2.68	0.84
75/100 guarantee policy	21.44	18.81	18.01	15.97	16.91	2.63	0.80
100/100 guarantee policy	21.05	18.50	17.74	15.76	16.70	2.55	0.76
PS1 75/75 guarantee policy	20.43	17.83	16.98	14.97	15.76	2.60	0.85
PS1 75/100 guarantee policy	20.11	17.58	16.76	14.81	15.61	2.53	0.82
PS1 100/100 guarantee policy	19.69	17.25	16.49	14.59	15.42	2.44	0.76
PS2 75/75 guarantee policy	25.16	21.49	20.02	17.28	17.80	3.67	1.47
PS2 75/100 guarantee policy	25.16	21.49	20.02	17.28	17.80	3.67	1.47
PS 75/75 guarantee policy	12.98	11.25	10.63	9.31	—	1.73	0.62
PS 75/100 guarantee policy	12.91	11.20	10.61	9.30	—	1.71	0.59
PPS 75/100 guarantee policy	13.08	11.31	10.67	9.32	—	1.77	0.64

Equity/Bond Fund 2.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Equity/Bond Fund 2.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Equity/Bond Fund 2.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

Equity/Bond Fund 2.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

g) **Derivatives**

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

h) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

i) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

j) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

k) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

l) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

Equity/Bond Fund 2.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

n) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

o) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

p) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See the notes to the Schedule of Investment Portfolio.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Equity/Bond Fund 2.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Equity/Bond Fund 2.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Equity/Bond Fund 2.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

10. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Equity/Bond Fund 2.15G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.72	2.72	2.72	2.73	2.74
75/75 guarantee policy	2.55	2.55	2.56	2.60	2.68
75/100 guarantee policy	2.72	2.72	2.72	2.73	2.73
100/100 guarantee policy	2.87	2.87	2.88	2.89	2.89
PS1 75/75 guarantee policy	2.15	2.16	2.16	2.16	2.17
PS1 75/100 guarantee policy	2.32	2.32	2.32	2.33	2.33
PS1 100/100 guarantee policy	2.54	2.54	2.55	2.56	2.54
PS 75/75 guarantee policy	1.47	1.46	1.45	1.45	—
PS 75/100 guarantee policy	1.61	1.61	1.61	1.61	—
PPS 75/100 guarantee policy	1.22	1.21	1.22	1.22	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	86.70	58.63	64.75	41.45	55.40

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

REAL ESTATE FUND 2.17G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Real Estate Fund 2.17G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Real Estate Fund 2.17G

(in Canadian \$ thousands)

Fund Manager: GWL Realty Advisors Inc.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 258,455	\$ 215,957
Investment income due and accrued	365	432
Due from The Canada Life Assurance Company (note 9)	—	580
Due from brokers	—	—
Due from outside parties	26,595	17,437
Investments		
Bonds	100,087	138,554
Investment properties	3,439,466	3,071,317
Total investments	3,539,553	3,209,871
Total assets	\$ 3,824,968	\$ 3,444,277
Liabilities		
Due to The Canada Life Assurance Company (note 9)	\$ 2,571	\$ —
Due to brokers	—	—
Due to outside parties	85,011	68,230
Lease Liabilities (note 3)	42,439	46,703
Mortgages on investment properties (note 4)	752,489	726,346
Total liabilities excluding net assets attributable to contractholders	882,510	841,279
Net assets attributable to contractholders	\$ 2,942,458	\$ 2,602,998

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 324,639	\$ (26,657)
Investment properties income	215,888	223,501
Miscellaneous income (loss)	170	149
Total income	540,697	196,993
Expenses		
Management fees (note 9)	16,063	18,140
Investment properties expenses	124,524	125,615
Transaction costs	—	—
Withholding taxes	—	—
Other	1,939	2,216
Total expenses	142,526	145,971
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 398,171	\$ 51,022

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 2,602,998	\$ 2,723,702
Contractholder deposits	320,665	53,236
Contractholder withdrawals	(379,376)	(224,962)
Increase (decrease) in net assets from operations attributable to contractholders	398,171	51,022
Change in net assets attributable to contractholders	339,460	(120,704)
Net assets attributable to contractholders - end of year	\$ 2,942,458	\$ 2,602,998

Real Estate Fund 2.17G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 398,171	\$ 51,022
Adjustments		
Add back amortization of premium (discount)	—	(103)
Add back amortization of lease inducements	7,248	10,203
Add back interest expense on lease liabilities (note 3)	1,032	1,143
Less lease payments and disposals (note 3)	(5,296)	(1,731)
Realized (gains) losses		
Bonds	(37)	(2,043)
Investment properties	(3,842)	(19,712)
Unrealized (gains) losses		
Bonds	2,420	(1,167)
Investment properties	(299,195)	18,028
Gross proceeds of disposition		
Bonds	36,084	127,033
Investment properties	13,253	146,554
Gross payments for purchases		
Bonds	(98,851)	(79,196)
Investment properties	(85,613)	(76,128)
Change in investment income due and accrued	67	(29)
Change in due from/to The Canada Life Assurance Company	3,151	(986)
Change in due from/to outside parties	7,623	(1,926)
Change in mortgages on investment properties	26,143	91,340
	<u>2,358</u>	<u>262,302</u>
Financing Activities		
Contractholder deposits	320,665	53,236
Contractholder withdrawals	(379,376)	(224,962)
	<u>(58,711)</u>	<u>(171,726)</u>
Net increase (decrease) in cash and short-term deposits (less than 90 days)	(56,353)	90,576
Cash and short-term deposits (less than 90 days), beginning of year	174,972	84,396
Cash and short-term deposits (less than 90 days), end of year	\$ 118,619	\$ 174,972
Cash and short-term deposits comprises		
Cash and short-term deposits (less than 90 days)	\$ 118,619	\$ 174,972
Cash and short-term deposits (90 days to less than a year)	139,836	40,985
Cash and short-term deposits, end of year	\$ 258,455	\$ 215,957
Supplementary cash flow information		
Interest income received	\$ 2,122	\$ 1,380
Mortgage interest paid	21,324	20,233

Real Estate Fund 2.17G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 2.35% 06-15-2023	5,000,000	5,115	5,100
Canada Housing Trust No. 1 2.40% 12-15-2022	5,005,000	5,243	5,084
Canada Housing Trust No. 1 2.65% 03-15-2022	10,000,000	10,315	10,049
Government of Canada 1.00% 09-01-2022	15,000,000	15,062	15,045
Government of Canada 1.50% 06-01-2023	20,000,000	20,472	20,183
Government of Canada 2.00% 09-01-2023	23,000,000	23,764	23,414
Government of Canada 2.75% 06-01-2022	21,000,000	21,857	21,212
Total Federal Government		101,828	100,087
Total Canadian Bonds		101,828	100,087
Total Bonds		101,828	100,087

Real Estate Fund 2.17G

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
British Columbia										
1188 West Georgia Street Vancouver, British Columbia	100.00%	Office	31-May-01	48,995	143,000	31-Dec-21	203,486	87.08%	(50,613)	4,565
650 West Georgia Street * ⁽¹⁾ Vancouver, British Columbia	25.00%	Office	12-Dec-01	37,345	101,537	31-Dec-21	118,305	91.75%	—	3,434
4750 Arbutus Street Vancouver, British Columbia	50.00%	Residential	10-Jan-02	12,530	29,550	31-Dec-21	39,386	100.00%	(6,750)	1,038
4600 Jacombs Road Richmond, British Columbia	50.00%	Office	18-Sep-02	8,611	11,055	31-Dec-21	37,595	100.00%	—	405
4250 Canada Way Burnaby, British Columbia	100.00%	Office	1-Dec-04	39,245	58,600	31-Dec-21	119,315	100.00%	(31,155)	2,694
12291 Riverside Way Richmond, British Columbia	100.00%	Land	31-Oct-05	7,446	23,100	31-Dec-21	74,042	100.00%	(10,000)	749
7200 Market Crossing Burnaby, British Columbia	50.00%	Retail	23-Oct-17	87,329	83,050	31-Dec-21	133,461	98.71%	—	3,267
14815 - 108th Avenue Surrey, British Columbia	29.97%	Retail	21-Jun-06	9,695	5,329	31-Dec-21	30,550	100.00%	—	170
3200 Island Highway Nanaimo, British Columbia	22.48%	Retail	21-Jun-06	24,088	24,276	31-Dec-21	86,357	94.83%	(14,153)	761
2401 Millstream Road Victoria, British Columbia	30.00%	Retail	2-Aug-07	31,749	25,770	31-Dec-21	79,062	92.84%	—	1,076
7488 King George Highway Surrey, British Columbia	30.00%	Retail	16-Apr-08	13,445	17,130	31-Dec-21	43,387	95.56%	—	838
1500 & 1575 Banks Road Kelowna, British Columbia	30.00%	Retail	3-Nov-08	15,596	16,620	31-Dec-21	45,200	90.67%	—	725
1500 Robson Street Vancouver, British Columbia	100.00%	Residential	8-Dec-15	94,534	100,017	31-Dec-21	n/a	n/a	—	(39)
753 Seymour Street * Vancouver, British Columbia	25.00%	PUD	12-Dec-01	56,213	70,706	31-Dec-21	n/a	n/a	—	(96)

Real Estate Fund 2.17G

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
British Columbia (continued)										
2310 and 2254 Whatcom Road Abbotsford, British Columbia	100.00%	Retail	10-Jul-18	67,988	61,700	31-Dec-21	93,592	100.00%	(17,875)	2,826
Alberta										
605 - 5th Avenue S.W. * Calgary, Alberta	25.00%	Office	12-Jun-00	30,663	16,600	31-Dec-21	124,736	49.48%	—	380
530 - 8th Avenue S.W. Calgary, Alberta	25.00%	Office	10-Jul-00	29,408	21,300	31-Dec-21	102,144	76.30%	—	1,494
617 - 15th Avenue S.W. Calgary, Alberta	100.00%	Residential	30-Aug-02	10,363	10,400	31-Dec-21	46,370	96.83%	—	126
10439 - 121st Street Edmonton, Alberta	100.00%	Residential	30-Nov-15	15,868	15,660	31-Dec-21	n/a	n/a	—	(133)
325 - 25th Street S.E. Calgary, Alberta	100.00%	Office	29-Oct-04	58,304	51,400	31-Dec-21	202,340	100.00%	—	2,204
300 and 350 - 7th Avenue S.W. * Calgary, Alberta	37.50%	Office	23-Sep-05	83,320	25,988	31-Dec-21	191,455	75.68%	—	2,453
9940 - 106th Street N.W. Edmonton, Alberta	29.97%	Office	21-Jun-06	9,104	9,710	31-Dec-21	50,998	94.23%	—	985
9942 - 108th Street N.W. Edmonton, Alberta	29.97%	Office	21-Jun-06	7,870	7,822	31-Dec-21	46,946	100.00%	—	736
6703 - 68th Avenue Edmonton, Alberta	30.00%	Industrial	15-Aug-07	25,300	21,630	31-Dec-21	169,184	81.99%	—	1,170
5103 - 36th Street N.W. and portion of 3604 - 51st Avenue N.W. Edmonton, Alberta	50.00%	Land	28-Feb-03	3,477	5,450	31-Dec-21	n/a	n/a	—	(99)
4035 - 53rd Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	14,014	11,300	31-Dec-21	94,835	56.73%	—	248

Real Estate Fund 2.17G

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Alberta (continued)										
3603 - 53rd Avenue N.W. Edmonton, Alberta	50.00%	Land	28-Feb-03	2,225	3,350	31-Dec-21	n/a	n/a	—	(58)
3604 - 51st Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	5,342	6,450	31-Dec-21	39,004	100.00%	—	345
3806 - 51st Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	4,929	5,400	31-Dec-21	35,987	83.34%	—	5
401 - 9th Avenue S.W. * Calgary, Alberta	15.00%	Office	13-Dec-07	66,159	29,490	31-Dec-21	161,118	83.60%	—	3,386
7103 - 68th Avenue Edmonton, Alberta	30.00%	Industrial	4-May-12	22,912	17,700	31-Dec-21	113,224	92.58%	—	1,109
6301, 6315, 6325 - 106th Avenue S.E. Calgary, Alberta	30.00%	Industrial	17-Dec-14	42,341	51,720	31-Dec-21	319,500	100.00%	(29,368)	2,729
Saskatchewan										
225 Betts Avenue Saskatoon, Saskatchewan	30.00%	Retail	24-Jul-12	25,947	20,070	31-Dec-21	75,934	100.00%	—	1,281
Ontario										
1591 Lycee Place Ottawa, Ontario	100.00%	Residential	19-Oct-98	27,210	57,200	31-Dec-21	155,758	96.40%	(12,872)	1,619
255 Queen Street * London, Ontario	4.55%	Office	1-May-98	993	4,168	31-Dec-21	16,992	84.60%	—	237
400 Walmer Road ⁽¹⁾ Toronto, Ontario	35.00%	Residential	27-Dec-00	82,182	78,433	31-Dec-21	192,956	94.33%	(363)	2,504
200 University Avenue Toronto, Ontario	50.00%	Office	30-Nov-00	17,436	34,750	31-Dec-21	73,200	80.59%	—	947
360 Torrance Street Burlington, Ontario	100.00%	Residential	19-Sep-01	30,703	69,000	31-Dec-21	161,195	93.71%	(26,415)	1,872
2220 Marine Drive Oakville, Ontario	50.00%	Residential	26-Aug-02	14,685	32,700	31-Dec-21	74,163	93.29%	(8,300)	1,030

Real Estate Fund 2.17G

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Ontario (continued)										
269 Laurier Avenue West Ottawa, Ontario	50.00%	Office	1-Jan-03	39,360	86,500	31-Dec-21	179,942	98.89%	(38,122)	3,962
40 High Park Avenue and 77 Quebec Avenue Toronto, Ontario	25.00%	Residential	25-Mar-03	31,099	58,575	31-Dec-21	104,344	92.87%	(10,996)	1,404
640, 642, & 644 Sheppard Avenue East Toronto, Ontario	25.00%	Residential	25-Mar-03	19,440	43,275	31-Dec-21	88,241	95.55%	(16,881)	1,170
33 Yonge Street Toronto, Ontario	50.00%	Office	27-Jul-98	83,327	173,150	31-Dec-21	262,383	93.63%	(103,559)	5,242
7070 Mississauga Road * Mississauga, Ontario	25.00%	Office	7-Aug-03	11,788	18,250	31-Dec-21	61,032	100.00%	—	912
55 - 425 Superior Boulevard Mississauga, Ontario	65.00%	Industrial	11-Oct-01	39,816	128,505	31-Dec-21	505,002	97.86%	(38,158)	4,001
9455 Mississauga Road Brampton, Ontario	100.00%	Retail	29-Oct-15	95,979	82,600	31-Dec-21	84,665	100.00%	(16,769)	4,582
50 High Park Avenue and 55 Quebec Avenue Toronto, Ontario	25.00%	PUD	25-Mar-03	55,482	72,390	31-Dec-21	n/a	n/a	—	820
1 - 2, 4 - 5 & 7 Paget, 2, 4, 6, 8 & 14 Kenview, 2 Castleview and 7925 & 7965 Goreway Drive Brampton, Ontario	65.00%	Industrial	11-Oct-01	61,786	205,075	31-Dec-21	705,614	99.11%	(64,907)	6,159
3485 Steeles Avenue East Brampton, Ontario	65.00%	Industrial	11-Oct-01	9,757	36,465	31-Dec-21	113,926	100.00%	(10,891)	1,122
3495 Steeles Avenue East Brampton, Ontario	65.00%	Industrial	11-Oct-01	11,034	34,125	31-Dec-21	104,226	100.00%	(12,033)	1,070
2679 - 2831 Bristol Circle Oakville, Ontario	65.00%	Industrial	11-Oct-01	34,720	127,140	31-Dec-21	428,963	100.00%	(30,114)	3,093

Real Estate Fund 2.17G

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Ontario (continued)										
3755, 3800 A & B Laird Road and 3500 & 3600 Ridgeway Drive Mississauga, Ontario	30.00%	Industrial	21-Dec-16	27,495	43,770	31-Dec-21	150,841	100.00%	—	1,378
1541 Lycee Place Ottawa, Ontario	50.00%	Residential	7-Aug-02	20,331	35,600	31-Dec-21	122,109	96.45%	(7,879)	1,163
1 Van Der Graaf Court Brampton, Ontario	50.00%	Industrial	16-Feb-04	4,093	14,100	31-Dec-21	51,103	100.00%	—	169
1 Woodslea Road Brampton, Ontario	50.00%	Industrial	16-Feb-04	5,427	18,150	31-Dec-21	55,074	100.00%	—	374
5 Intermodal Drive Brampton, Ontario	50.00%	Industrial	28-May-04	3,390	13,050	31-Dec-21	43,554	100.00%	—	288
2844 Bristol Circle Oakville, Ontario	65.00%	Industrial	31-Jan-05	6,931	24,505	31-Dec-21	87,313	100.00%	(6,167)	516
20 - 24 York Street ⁽¹⁾ Ottawa, Ontario	50.00%	Residential	18-Jan-06	21,004	29,214	31-Dec-21	47,327	94.17%	(13,954)	624
1 Adelaide Street East, 20 Victoria Street & 85 Yonge Street Toronto, Ontario	15.00%	Office	27-Feb-19	74,409	59,250	31-Dec-21	98,027	91.77%	(36,954)	2,884
8400 - 8450 Lawson Road Milton, Ontario	30.00%	Industrial	21-Dec-07	8,557	20,190	31-Dec-21	70,796	100.00%	—	543
800 - 900 Main Street Milton, Ontario	30.00%	Retail	14-Mar-08	12,171	12,720	31-Dec-21	29,154	100.00%	—	824
2100 Derry Road Mississauga, Ontario	50.00%	Office	22-Sep-06	16,867	14,550	31-Dec-21	53,469	100.00%	—	809
2050 Derry Road Mississauga, Ontario	50.00%	Office	22-Sep-06	17,075	18,300	31-Dec-21	62,582	100.00%	—	802
7025 Langer Drive Mississauga, Ontario	50.00%	Office	22-Sep-06	9,751	8,300	31-Dec-21	32,238	100.00%	—	413

Real Estate Fund 2.17G

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Ontario (continued)										
4 King Street West Toronto, Ontario	30.00%	Office	14-Mar-08	31,600	46,020	31-Dec-21	87,621	97.29%	(9,450)	1,765
155 University Avenue Toronto, Ontario	30.00%	Office	14-Mar-08	18,956	28,470	31-Dec-21	56,410	76.11%	—	877
145 - 167 Bell Boulevard Belleville, Ontario	30.00%	Retail	4-Jan-07	4,751	3,720	31-Dec-21	20,051	82.20%	—	210
5150 - 5160 Yonge Street Toronto, Ontario	30.00%	Office	17-Oct-08	70,963	68,340	31-Dec-21	215,783	75.19%	—	604
2310 - 2330 Highway 2 Bowmanville, Ontario	30.00%	Retail	24-Jul-12	20,289	15,960	31-Dec-21	70,296	100.00%	—	1,152
3130, 3470, 3480, 3490, 3500, 3505, 3520, 3530, 3535, 3550, 3580, 3585, 3600 A & B, 3615, and 3620 A & B Laird Road Mississauga, Ontario	30.00%	Industrial	15-Oct-13	42,145	110,130	31-Dec-21	341,725	93.88%	—	3,030
3200, 3250, 3300, 3330 and 3350 Ridgeway Drive Mississauga, Ontario	30.00%	Industrial	15-Oct-13	17,288	40,110	31-Dec-21	133,924	97.85%	—	1,360
Quebec										
3355 Queen Mary Road Montreal, Quebec	100.00%	Residential	5-Nov-98	28,767	55,000	31-Dec-21	160,465	92.46%	(18,029)	1,594
43 - 55 Cite des Jeunes Boulevard Vaudreuil - Dorion, Quebec	30.00%	Retail	21-Jul-06	8,657	9,120	31-Dec-21	39,365	100.00%	—	605
224 Joseph-Casavant Avenue Beauport, Quebec	30.00%	Retail	11-Jun-08	6,587	6,210	31-Dec-21	52,281	100.00%	—	418

Real Estate Fund 2.17G

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Quebec (continued)										
2315 rue Cohen St. Laurent, Quebec	100.00%	Industrial	27-Nov-08	12,339	18,600	31-Dec-21	110,751	100.00%	(10,823)	604
819 - 847 Rue Clemenceau Beauport, Quebec	30.00%	Retail	31-Jan-14	14,507	12,600	31-Dec-21	55,389	96.74%	—	638
1350 Rene Levesque Boulevard * Montreal, Quebec	15.00%	Office	14-Dec-16	39,885	43,710	31-Dec-21	80,020	98.65%	(21,153)	1,799
1360 Rene Levesque Boulevard * Montreal, Quebec	15.00%	Office	14-Dec-16	23,536	31,740	31-Dec-21	59,506	86.77%	(12,965)	916
1025 Lucien L'Allier * Montreal, Quebec	15.00%	Other	14-Dec-16	825	1,515	31-Dec-21	n/a	n/a	—	(8)
1770 Joseph Manseau Street Montreal, Quebec	100.00%	Residential	4-Oct-18	114,377	104,800	31-Dec-21	190,405	84.35%	(51,855)	2,377
300 Berge du Canal * Montreal, Quebec	50.00%	Land	14-Oct-21	246	246	31-Dec-21	n/a	n/a	—	(82)
Atlantic										
1959 Upper Water Street * Halifax, Nova Scotia	33.33%	Office	21-Jul-05	26,174	26,064	31-Dec-21	109,008	61.53%	—	809
1969 Upper Water Street * Halifax, Nova Scotia	33.33%	Office	21-Jul-05	29,407	30,264	31-Dec-21	122,626	63.47%	—	800
671 Larry Uteck Boulevard Halifax, Nova Scotia	100.00%	Residential	31-Aug-15	22,071	23,400	31-Dec-21	133,952	97.75%	(12,966)	1,055
United States										
396 West Greens Road Houston, Texas	30.00%	Office	21-Jun-06	12,631	2,343	31-Dec-21	56,962	9.21%	—	(606)
8101 Sam Houston Parkway Houston, Texas	30.00%	Office	21-Jun-06	8,730	4,224	31-Dec-21	41,039	100.00%	—	411

Real Estate Fund 2.17G

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Current and prior year(s) sold property										156
Investment Properties - subtotal				2,461,384	3,439,466		9,231,281		(752,489)	113,791
Less: lease liabilities				(44,006)	(42,439)					
Less: mortgages on investment properties				(738,935)	(752,489)					
Capitalization of loss on assumed mortgages				(2,121)	—					
Total Investment Properties - net				1,676,322	2,644,538					
Total Bonds				101,827	100,087					
Total Investments - net				1,778,149	2,744,625					
* Represents interest in a joint operation										

⁽¹⁾ The investment properties presented below are subject to land leases where the Fund is the lessee and has recognized a right-of-use asset within investment properties and a lease liability. For further information refer to note 2 in the notes to the financial statements.

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	LEASE LIABILITIES
650 West Georgia Street Vancouver, British Columbia	25.00%	Office	12-Dec-01	(587)
400 Walmer Road Toronto, Ontario	35.00%	Residential	27-Dec-00	(38,988)
20 - 24 York Street Ottawa, Ontario	50.00%	Residential	18-Jan-06	(2,864)
TOTAL				<u>(42,439)</u>

Real Estate Fund 2.17G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Real Estate Fund 2.17G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

As investments in real property are not actively traded, the Fund is exposed to liquidity risk due to the redemption of redeemable units by contractholders. To a lesser extent, mortgage liabilities also expose the Fund to liquidity risk. To manage liquidity, the Fund has the ability to incur additional mortgage indebtedness as long as the total borrowings do not exceed 35% of the total asset value of the Fund and provided the value of each mortgage assumed is not greater than 75% of the related property's value.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a Fund to sell such securities quickly.

There is no formal market for trading in real property and very few records are available to the public which give terms and conditions of real property transactions. It may take time to sell investment properties at a reasonable price. This could limit the Fund's ability to respond quickly to changes in economic or investment conditions. It could also affect the Fund's ability to pay contractholders who want to redeem their units. The Fund will maintain a sufficient balance of cash to satisfy regulatory requirements and be able to facilitate normal redemption requests in a timely manner.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

Real Estate Fund 2.17G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

B. Liquidity Risk (continued)

As at December 31, 2021, the approximate principal payments due on mortgages for the next five years ended and thereafter are as follows:

Year ended	Principal payments due
December 31, 2022	\$ 42,786
December 31, 2023	98,300
December 31, 2024	41,639
December 31, 2025	8,982
December 31, 2026	124,265
Thereafter	422,964
	738,936
Fair value adjustment	13,553
Total	\$ 752,489

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 6,567	\$ 35	\$ 6,602	\$ 66
Total	\$ 6,567	\$ 35	\$ 6,602	\$ 66
As Percent of Net Assets Attributable to Contractholders				0.2%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 6,593	\$ 4,476	\$ 11,069	\$ 111
Total	\$ 6,593	\$ 4,476	\$ 11,069	\$ 111
As Percent of Net Assets Attributable to Contractholders				0.4%

*Includes both monetary and non-monetary instruments

Real Estate Fund 2.17G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds and mortgages on investment properties. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 51,390	\$ 48,697	\$ —	\$ —	\$ 100,087
2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 8,032	\$ 130,522	\$ —	\$ —	\$ 138,554

As at December 31, 2021, for bonds, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$977 (\$2,374 at December 31, 2020) or approximately 0.03% (0.09% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 10)

As at December 31, 2021, for mortgages on investment properties, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$34,496 (\$34,606 at December 31, 2020) and approximately 1.17% (1.33% at December 31, 2020) of net asset value. In practice, the actual results may differ and the difference could be significant.

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

The Fund is also exposed to credit risk from outside parties, lease receivables and tenants. The fair value of investment properties considers the creditworthiness of these items, which had a negligible effect on fair value during 2021 and 2020 respectively. Credit risk arises from the possibility that tenants may be unable to fulfill their commitments defined in their lease agreements. The majority of the Fund's leases in place are referred to as net leases, which means that tenants pay the landlord base rent as well as reimburse the landlord for their share of operating costs and realty taxes. Most of the property operating costs and realty tax expenses are of a fixed nature, although there is a variable element as it relates to certain costs. Management mitigates credit risk by ensuring that the Fund's tenant mix is diversified and by limiting the Fund's exposure to any one tenant. the Fund also maintains a portfolio that is diversified by property type so that exposure to business sectors is reduced.

Real Estate Fund 2.17G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk (continued)

The change in fair values of financial liabilities as a result of the impact of changes in credit risks was not significant during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	20.2	0.7	15.0	0.8
AA	79.8	2.7	85.0	4.5
Total	100.0	3.4	100.0	5.3

F. Fair Value Classification

The following table presents information about the Fund's financial assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 100,087	\$ —	\$ 100,087
Investment properties	—	—	3,439,466	3,439,466
Total assets measured at fair value	\$ —	\$ 100,087	\$ 3,439,466	\$ 3,539,553
Liabilities measured at fair value				
Mortgages on investment properties	\$ —	\$ 752,489	\$ —	\$ 752,489
Net assets attributable to contractholders measured at fair value	\$ —	\$ (652,402)	\$ 3,439,466	\$ 2,787,064

Real Estate Fund 2.17G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Fair Value Classification (continued)

	2020			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value</u>				
Bonds	\$ —	\$ 138,554	\$ —	\$ 138,554
Investment properties	—	—	3,071,317	3,071,317
Total assets measured at fair value	\$ —	\$ 138,554	\$ 3,071,317	\$ 3,209,871
<u>Liabilities measured at fair value</u>				
Mortgages on investment properties	\$ —	\$ 726,346	\$ —	\$ 726,346
Net assets attributable to contractholders measured at fair value	\$ —	\$ (587,792)	\$ 3,071,317	\$ 2,483,525

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021	2020
	Investment properties	Investment properties
Balance, beginning of year	\$ 3,071,317	\$ 3,150,262
Total gain (loss) included in net assets from operations attributable to contractholders	303,037	1,684
Purchases	78,365	65,925
Sales	(13,253)	(146,554)
Settlements	—	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	—
Balance, end of year	\$ 3,439,466	\$ 3,071,317
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ 300,787	\$ (18,577)

Real Estate Fund 2.17G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Carrying Value of Investment Properties

The carrying value of investment properties and changes in the carrying value of investment properties are as follows:

	2021	2020
Balance, beginning of year	\$ 3,071,317	\$ 3,150,262
Additions	78,365	65,925
Change in fair value through profit or loss	302,860	2,306
Disposals	(13,253)	(146,554)
Foreign exchange rate changes	177	(622)
Balance, end of year	\$ 3,439,466	\$ 3,071,317

H. Significant Unobservable Inputs

Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (including future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.

The following sets out information about significant unobservable inputs used at year end in measuring assets categorized as Level 3 in the fair value hierarchy:

Inter-relationship between key unobservable inputs and fair value measurements							
Property Type	Discount Rate ⁽¹⁾			Reversionary Rate ⁽²⁾			Vacancy Rate ⁽³⁾
	Min	Max	Weighted Average	Min	Max	Weighted Average	Weighted Average
Office	5.3%	10.5%	6.2%	4.3%	8.5%	5.2%	15.2%
Industrial	5.0%	7.0%	5.5%	4.5%	6.0%	4.9%	3.3%
Retail	5.3%	8.5%	6.1%	4.5%	7.5%	5.4%	2.5%
Commercial	5.0%	10.5%	5.9%	4.3%	8.5%	5.1%	7.9%
Residential ⁽⁴⁾	3.3%	4.8%	3.6%	n/a	n/a	n/a	6.4%
Total	3.3%	10.5%	5.5%	4.3%	8.5%	5.1%	7.6%

(1) A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.

(2) The reversionary rate is the rate used to estimate the resale value of a property at the end of the holding period. A decrease in the reversionary rate would result in an increase in fair value. An increase in the reversionary rate would result in a decrease in fair value.

Reversionary rates are not applicable to the residential assets as their valuation methodology is based on capitalization of the stabilized year one income.

(3) A decrease in the expected vacancy rate would generally result in an increase in fair value. An increase in the expected vacancy rate would generally result in a decrease in fair value.

(4) The discount rates disclosed for the residential assets represents the overall capitalization rate applied to the stabilized income of the asset.

Real Estate Fund 2.17G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

I. Pledged Assets

The Fund has investment properties which have been pledged as collateral to cover mortgages on investment properties. In circumstances where the Fund defaults, the counterparty is permitted to take the collateral and apply it against these liabilities. When the liabilities have been settled by the Fund, the pledged assets will be returned to the Fund. As of December 31, 2021, the Fund has pledged \$2,076,528 (\$1,710,293 at December 31, 2020).

J. Commitments

As at December 31, 2021, the Fund has contractual obligations of \$93,747 (\$97,250 at December 31, 2020) to purchase, construct or develop investment properties for repairs, maintenance and enhancements.

Real Estate Fund 2.17G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units, as described in note 5 and company held investment units, as described in note 9 d), are allocated to each category and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	900,197	1,122,032	1,167,385	1,194,525	1,115,102	583,523	624,146	632,033	589,421	517,519
Individual	2,783,768	3,537,230	3,838,412	4,680,915	5,714,405	99,451	111,840	121,822	139,624	165,341
75/75 guarantee policy	1,577,869	2,116,457	2,236,337	2,215,955	2,176,783	29,999	35,576	37,697	35,075	33,394
75/100 guarantee policy	5,927,421	8,056,486	8,521,970	8,383,140	8,178,761	111,229	133,796	142,063	131,353	124,327
100/100 guarantee policy	182,138	267,962	287,354	284,051	305,335	3,249	4,249	4,594	4,287	4,489
PS1 75/75 guarantee policy	1,183,447	1,550,409	1,580,138	1,465,633	1,270,076	19,172	22,110	22,498	19,510	16,315
PS1 75/100 guarantee policy	5,400,288	7,315,420	7,265,291	7,147,727	6,377,636	86,127	102,868	102,168	94,122	81,168
PS1 100/100 guarantee policy	157,551	191,949	186,406	155,811	147,299	2,423	2,613	2,547	2,001	1,835
PS2 75/75 guarantee policy	1,376,630	1,664,009	1,924,757	1,137,965	1,297,244	28,513	29,577	33,300	17,943	19,239
PS2 75/100 guarantee policy	888,243	1,403,107	1,476,187	1,441,488	1,269,344	18,397	24,940	25,539	22,729	18,825
PS2 100/100 guarantee policy	13,104	24,714	25,361	25,971	45,294	271	439	439	410	672
PS 75/75 guarantee policy	37,791	45,756	47,738	15,541	—	476	504	521	158	—
PS 75/100 guarantee policy	133,270	170,206	162,280	48,981	—	1,672	1,869	1,770	497	—
PS 100/100 guarantee policy	—	3,649	3,670	3,002	—	—	40	40	30	—
PPS 75/75 guarantee policy	41,296	36,209	51,379	18,449	—	528	403	565	188	—
PPS 75/100 guarantee policy	58,633	108,993	110,049	34,969	—	745	1,208	1,207	355	—

Net Assets Attributable to Contractholders Per Unit (note 8)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	648.22	556.26	541.41	493.44	464.10	91.96	14.85
Individual	35.73	31.62	31.74	29.83	28.93	4.11	(0.12)
75/75 guarantee policy	19.01	16.81	16.86	15.83	15.34	2.20	(0.05)
75/100 guarantee policy	18.77	16.61	16.67	15.67	15.20	2.16	(0.06)
100/100 guarantee policy	17.84	15.86	15.99	15.09	14.70	1.98	(0.13)
PS1 75/75 guarantee policy	16.20	14.26	14.24	13.31	12.85	1.94	0.02
PS1 75/100 guarantee policy	15.95	14.06	14.06	13.17	12.73	1.89	—
PS1 100/100 guarantee policy	15.38	13.61	13.66	12.84	12.46	1.77	(0.05)
PS2 75/75 guarantee policy	20.71	17.77	17.30	15.77	14.83	2.94	0.47
PS2 75/100 guarantee policy	20.71	17.77	17.30	15.77	14.83	2.94	0.47
PS2 100/100 guarantee policy	20.71	17.77	17.30	15.77	14.83	2.94	0.47
PS 75/75 guarantee policy	12.59	11.01	10.92	10.15	—	1.58	0.09
PS 75/100 guarantee policy	12.54	10.98	10.91	10.14	—	1.56	0.07
PS 100/100 guarantee policy	—	10.87	10.84	10.12	—	—	0.03
PPS 75/75 guarantee policy	12.78	11.13	10.99	10.17	—	1.65	0.14
PPS 75/100 guarantee policy	12.71	11.09	10.97	10.16	—	1.62	0.12

Real Estate Fund 2.17G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments*, IFRS 7, *Financial Instruments: Disclosures*, and IFRS 16, *Leases*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments and investment properties is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Real Estate Fund 2.17G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

In the process of applying the Fund's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

The Fund participates in joint operations that allow the Fund to hold investment properties jointly with another party with the objective to generate rental income recorded in investment properties income and/or capital appreciation on the investment properties recorded in gain (loss) on investments. Joint control has been determined in accordance with the terms in the joint agreement, whereby decisions about the relevant activities, that significantly affect the returns of the arrangement, require the unanimous consent of the parties sharing control. The joint arrangements were classified as joint operations as the arrangements assign both parties the right to the assets and revenues, as well as the obligation for the liabilities and expenses. Most investment properties are owned jointly by related parties or related party segregated funds.

In the normal course of business the Fund regularly buys and sells investment properties. The Fund has concluded that the purchase and sale of these investment properties does not meet the conditions required to classify these transactions as business acquisitions; therefore all properties the Fund acquires to date are asset acquisitions.

The Fund has entered into commercial and residential property leases on its investment properties. The Fund has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and therefore accounts for the contracts as operating leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The onset of the COVID-19 pandemic created unprecedented global challenges, affecting all asset classes, including real estate. The Appraisal Institute of Canada recommended that appraisers exercise a high degree of caution with appraisals and include limiting conditions on their opinions, thus impairing the reliability and usefulness of their valuations to the Fund. On March 20, 2020, the Company determined there was material valuation uncertainty related to the Fund's properties and temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, the Fund.

On June 26, 2020, the Company resumed the valuation of the properties of the Fund as conditions improved, providing better visibility of the impact of COVID-19 on the cash flow of the properties. While conditions improved, the real estate investment market experienced a substantial decline in transaction volumes that would otherwise provide meaningful empirical evidence to support property valuations. As a result, appraisal valuations remained qualified by material valuation uncertainty provisions, limiting the Company's confidence in the valuation of the properties of the Fund. Market conditions continued to improve during the second half of 2020, with independent material valuation uncertainty disclosures being selectively removed across various asset classes.

On January 11, 2021, the Company lifted the temporary suspension on contributions to and transfers into the Fund, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities, investment properties and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of the Fund's assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1 – determined by reference to quoted prices in active markets for identical assets and liabilities;

Level 2 – determined using inputs other than the quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – determined using inputs that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values for assets and liabilities are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Level 3 assets and liabilities are reviewed on a periodic basis by the Fund Manager. The Fund Manager considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Fund Manager estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Real Estate Fund 2.17G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than one year at acquisition. A reconciliation is included in the Statement of Cash Flows for the Fund for cash and short-term deposits maturing in less than 90 days and those maturing in more than 90 days but less than a year. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Investment Properties

Investment properties comprise of completed real estate property and property under development (PUD) held to earn rental income (which is recorded in the Statement of Comprehensive Income as investment properties income) or for capital appreciation or both. The cost of investment properties is acquisition cost plus the cost of capital improvements. Included within investment properties are right-of-use assets recognized for land leases. Acquisition costs include land transfer taxes and professional fees for legal services. Initial direct and incremental costs incurred in negotiating an operating lease on investment properties are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease. Properties under development include interest on both specific and general debt, property taxes and general and administrative expenses incurred directly in connection with the acquisition and development of properties.

Real Estate Fund 2.17G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties of the Fund are appraised annually, at a minimum, by qualified external investment properties appraisers. When the Fund determines that the fair value of investment properties under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, it measures the investment properties under construction at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier); thereafter, they are recorded at their most recent external or internal appraised value. Fund management may adjust individual property values periodically due to changing market conditions.

Right-of-use assets are initially measured based on the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and restoration costs, less any lease incentive received. The Fund applies a practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Subsequent to initial recognition, investment properties are measured at fair value. Fair values for investment properties are determined using independent qualified appraisal services and include management adjustments for material changes in property cash flows, capital expenditures or general market conditions in the interim period between appraisals. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of Comprehensive Income in the period in which they arise.

Investment properties are derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the Statement of Comprehensive Income in the year of retirement or disposal. Gains or losses on the disposal of investment properties are determined as the difference between net disposal proceeds and the carrying value of the asset.

Additional details on investment properties are included in the notes to the Schedule of Investment Portfolio.

Where the Fund is involved in joint operations, it recognizes its rights to the assets and revenue and obligations for the liabilities and expenses of the joint operation in accordance with the Fund's accounting policies.

For investment properties, the capitalization rate (cap rate) is a measure of a property's value to its income and is a key metric in the valuations prepared by investment properties appraisers. Cap rates are influenced by factors in the overall investment properties market in Canada, which is in turn influenced by supply and demand factors as well as the domestic economy.

Investment properties are subject to a degree of risk. They are affected by various factors including changes in both general and local market conditions, credit markets, competition in the environment, stability and creditworthiness of tenants, and various other factors.

Real Estate Fund 2.17G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortization of lease inducements represents initial direct costs incurred in negotiating and arranging operating leases and are amortized over the lease term on the same basis as the lease income. Initial direct leasing costs are amortized and charged to property operating expenses on a straight-line basis over the term of the related lease period. Payments to tenants that are enhancements to the property are referred to as tenant improvements. All other payments to tenants are referred to as tenant inducements. Both tenant improvements and tenant inducements are amortized on a straight-line basis over the term of the related lease period as a reduction of property rental income.

g) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Fund shall use its incremental borrowing rate. Generally, the Fund uses its incremental borrowing rate as its discount rate. Lease liabilities are measured at amortized cost using the effective interest method. Interest expense on lease liabilities is included within investment properties expenses.

The Fund applies a practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

h) Mortgages on Investment Properties

Mortgages on investment properties are recorded at fair value. Fair value of mortgages have been determined using discounted future payments of principal and interest of the actual outstanding mortgages, discounted at the current market interest rates available to the Fund.

i) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

j) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Net gains (losses) from change in fair value on investment properties - include fair value adjustments arising from external appraisals, valuation adjustment by management and gains (losses) on sale of investment properties.

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Investment properties income

The Fund is the lessor of operating leases on investment properties. The Fund has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease. Investment properties income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term in the Statement of Comprehensive Income, except for contingent rental income which is recognized as rental income in the period in which it is earned. Initial direct costs incurred in negotiating and arranging operating leases are recognized as an expense over the lease term on the same basis as the lease income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Real Estate Fund 2.17G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

l) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

m) Amounts Due to/from Outside Parties

Due to/from outside parties mainly consists of net operating and commodity tax balances due to outside parties related to the ongoing operations of the Fund's real estate investments.

Amounts due to/from outside parties are held at fair value which approximates their cost.

n) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

o) Income Allocation

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

p) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Real Estate Fund 2.17G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

Transaction costs, such as brokerage commissions, legal fees and land transfer tax incurred in the purchase and sale of investment properties by the Fund are added to the cost of the asset in the year.

r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. The Fund has not capitalized any borrowing costs in 2021 or 2020. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. LEASE LIABILITIES

The carrying value of lease liabilities and changes in the carrying value of lease liabilities are as follows:

	2021	2020
Carrying value, beginning of year	\$ 46,703	\$ 47,291
Disposals	(3,729)	—
Lease payments	(1,567)	(1,731)
Interest expense	1,032	1,143
Carrying value, end of year	\$ 42,439	\$ 46,703

As at December 31, 2021, the approximate payments due on lease liabilities for the next five years ended and thereafter are as follows:

Year ended	Lease payments due
December 31, 2022	\$ 1,558
December 31, 2023	1,558
December 31, 2024	1,561
December 31, 2025	1,569
December 31, 2026	1,569
Thereafter	62,230
Total undiscounted lease obligations as at December 31, 2021	\$ 70,045

Real Estate Fund 2.17G

Notes to the Financial Statements

(in Canadian \$ thousands)

4. MORTGAGES ON INVESTMENT PROPERTIES

As at December 31, 2021, mortgages on investment properties are comprised of term mortgages which bear contractual interest rates ranging from 0.77% to 4.87% (0.96% to 4.95% at December 31, 2020), and a weighted average contractual interest rate of 3.02% (3.15% at December 31, 2020). Mortgages are secured by the real property investment and an assignment of leases and amounts due from property rentals. The terms of the mortgages are subject to renegotiations from 2022 to 2032.

5. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Real Estate Fund 2.17G

Notes to the Financial Statements

(in Canadian \$ thousands)

6. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

7. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

8. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Real Estate Fund 2.17G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
GWL Realty Advisors Inc.	Wholly-owned subsidiary of the Company	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

a) GWL Realty Advisors Inc. provides property and asset management services to the Fund in the normal course of business at market terms and conditions.

As at December 31, 2021, \$10,782 (\$11,743 at December 31, 2020) in fees were paid to GWL Realty Advisors Inc.

b) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.

c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Real Estate Fund 2.17G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. RELATED PARTY TRANSACTIONS (continued)

- d) Effective March 20, 2020, there was a suspension on contributions, transfers and redemptions of units of the Fund. Subsequent to this suspension, payments of certain redemptions and purchase transaction requests were arranged. In order to settle these post-suspension approved transaction requests, the general fund of the Company paid out or received the value of the notional units that were redeemed or purchased, and received or delivered the applicable notional units in return.

As at December 31, 2021, the Company held investments in the Fund with a value of \$223,507 (\$56,406 at December 31, 2020).

- e) The Fund invests in assets or underlying funds managed by the Company. All investment transactions with the corresponding underlying funds are at quoted market prices.

10. COMPARATIVE FIGURES

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Real Estate Fund 2.17G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.19	3.19	3.20	3.21	3.21
75/75 guarantee policy	3.09	3.09	3.09	3.10	3.10
75/100 guarantee policy	3.19	3.19	3.19	3.21	3.20
100/100 guarantee policy	3.65	3.64	3.64	3.65	3.64
PS1 75/75 guarantee policy	2.64	2.63	2.64	2.64	2.63
PS1 75/100 guarantee policy	2.80	2.80	2.80	2.81	2.80
PS1 100/100 guarantee policy	3.20	3.19	3.20	3.20	3.19
PS 75/75 guarantee policy	1.97	1.97	1.97	1.97	—
PS 75/100 guarantee policy	2.07	2.07	2.07	2.07	—
PS 100/100 guarantee policy	—	2.52	2.52	2.51	—
PPS 75/75 guarantee policy	1.51	1.51	1.51	1.51	—
PPS 75/100 guarantee policy	1.68	1.68	1.68	1.68	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Bonds	—	4.26	6.48	5.23	4.36
Investment properties	0.54	3.06	—	0.12	0.13

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

EQUITY FUND 2.28MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Equity Fund 2.28MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Equity Fund 2.28MF

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 506	\$ 1,019
Investment income due and accrued	67	46
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	49	48
Investments		
Bonds	—	—
Stocks	56,697	53,064
Investment fund units	—	—
Total investments	56,697	53,064
Total assets	\$ 57,319	\$ 54,177
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	38	34
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	38	34
Net assets attributable to contractholders	\$ 57,281	\$ 54,143

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 11,990	\$ (954)
Miscellaneous income (loss)	31	(152)
Total income	12,021	(1,106)
Expenses		
Management fees (note 7)	1,270	1,284
Transaction costs	23	50
Withholding taxes	42	61
Other	146	148
Total expenses	1,481	1,543
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 10,540	\$ (2,649)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 54,143	\$ 64,217
Contractholder deposits	2,161	2,163
Contractholder withdrawals	(9,563)	(9,588)
Increase (decrease) in net assets from operations attributable to contractholders	10,540	(2,649)
Change in net assets attributable to contractholders	3,138	(10,074)
Net assets attributable to contractholders - end of year	\$ 57,281	\$ 54,143

Equity Fund 2.28MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 10,540	\$ (2,649)
Adjustments		
Realized (gains) losses	(3,856)	677
Unrealized (gains) losses	(6,875)	1,826
Gross proceeds of disposition of investments	16,911	32,689
Gross payments for the purchase of investments	(9,813)	(29,432)
Change in investment income due and accrued	(21)	1
Change in due from/to The Canada Life Assurance Company	4	(9)
Change in due from/to brokers	—	1
Change in due from/to outside parties	(1)	1
	<u>6,889</u>	<u>3,105</u>
Financing Activities		
Contractholder deposits	2,161	2,163
Contractholder withdrawals	(9,563)	(9,588)
	<u>(7,402)</u>	<u>(7,425)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(513)	(4,320)
Cash, short-term deposits and overdrafts, beginning of year	<u>1,019</u>	<u>5,339</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ 506</u></u>	<u><u>\$ 1,019</u></u>
Supplementary cash flow information		
Dividend income received	\$ 1,238	\$ 1,444

Equity Fund 2.28MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	24,764	800	707
TELUS Corp.	60,809	1,439	1,812
Consumer Discretionary			
Dollarama Inc.	45,076	2,059	2,855
Restaurant Brands International Inc.	19,700	1,597	1,511
Consumer Staples			
Alimentation Couche-Tard Inc.	46,742	1,667	2,477
Metro Inc.	11,851	676	798
Premium Brands Holdings Corp.	10,476	940	1,325
Energy			
Pembina Pipeline Corp.	26,122	928	1,002
Suncor Energy Inc.	23,834	536	754
Financials			
Brookfield Asset Management Inc.	37,083	909	2,833
Intact Financial Corp.	13,420	1,905	2,207
Manulife Financial Corp.	41,287	876	995
Onex Corp. sub. voting	11,493	889	1,141
Royal Bank of Canada	17,604	1,505	2,363
The Bank of Nova Scotia	20,083	1,164	1,798
The Toronto-Dominion Bank	19,152	884	1,857
Industrials			
Canadian National Railway Co.	6,726	985	1,045
Canadian Pacific Railway Ltd.	7,900	748	719
Waste Connections Inc.	9,327	1,153	1,608
Information Technology			
CGI Group Inc. Class A sub. voting	11,473	992	1,283
Constellation Software Inc.	252	329	591
Open Text Corp.	18,900	1,023	1,135
Materials			
CCL Industries Inc. Class B non-voting	13,512	723	917

Equity Fund 2.28MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Materials (continued)			
Franco-Nevada Corp. [CAD]	6,900	1,159	1,207
Utilities			
Emera Inc.	26,619	1,333	1,683
Fortis Inc.	20,028	1,092	1,222
Total Canadian Common Stock		28,311	37,845
United States Common Stock			
Communication Services			
Alphabet Inc. Class C	519	931	1,900
Consumer Discretionary			
The TJX Companies Inc.	7,323	544	703
Consumer Staples			
The Procter & Gamble Co.	4,995	777	1,034
Energy			
The Williams Companies Inc.	30,444	911	1,003
Exchange Traded Funds			
SPDR Gold Shares	2,200	485	476
Health Care			
Abbott Laboratories	3,968	468	706
Becton, Dickinson and Co.	3,446	1,134	1,096
Johnson & Johnson Inc.	8,057	1,255	1,744
Industrials			
Fortive Corp.	9,171	810	885
Information Technology			
Microsoft Corp.	4,506	1,085	1,917
Visa Inc. Class A	4,056	1,052	1,112

Equity Fund 2.28MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
United States Common Stock (continued)			
Utilities			
American Electric Power Co. Inc.	13,196	1,447	1,486
Total United States Common Stock		10,899	14,062
Global Common Stock			
Cayman Islands			
Alibaba Group Holding Ltd.	29,199	1,239	563
Germany			
SAP SE	3,600	606	650
Japan			
Seven & i Holdings Co. Ltd. ADR	22,120	506	614
Switzerland			
Roche Holding AG Genusscheine	1,841	866	964
United Kingdom			
Compass Group PLC	44,700	1,160	1,263
Reckitt Benckiser Group PLC	6,780	689	736
Total Global Common Stock		5,066	4,790
Total Stocks		44,276	56,697
Transaction Costs (see notes to financial statements (note 2))		(46)	
Total Investments		44,230	56,697

Equity Fund 2.28MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Equity Fund 2.28MF (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Equity Fund 2.28MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 14,676	\$ 485	\$ 15,161	\$ 152
United Kingdom Pound Sterling	1,999	—	1,999	20
Other Currencies	2,177	—	2,177	21
Total	\$ 18,852	\$ 485	\$ 19,337	\$ 193
As Percent of Net Assets Attributable to Contractholders				33.8%
				0.3%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 15,889	\$ 1,026	\$ 16,915	\$ 169
Swiss Franc	996	—	996	10
Other Currencies	1,790	—	1,790	18
Total	\$ 18,675	\$ 1,026	\$ 19,701	\$ 197
As Percent of Net Assets Attributable to Contractholders				36.4%
				0.4%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$567 (\$531 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Equity Fund 2.28MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 55,083	\$ 1,614	\$ —	\$ 56,697
Total assets measured at fair value	\$ 55,083	\$ 1,614	\$ —	\$ 56,697

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 50,276	\$ 2,788	\$ —	\$ 53,064
Total assets measured at fair value	\$ 50,276	\$ 2,788	\$ —	\$ 53,064

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Equity Fund 2.28MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	31,196	35,518	39,436	41,504	46,779	16,247	14,919	16,770	15,052	18,042
Individual	666,352	775,024	893,652	1,111,862	1,320,294	18,282	17,668	21,251	23,230	30,232
75/75 guarantee policy	129,540	145,266	150,695	162,213	178,809	2,950	2,746	2,968	2,805	3,385
75/100 guarantee policy	501,016	558,981	686,480	786,318	881,162	11,265	10,443	13,378	13,463	16,535
100/100 guarantee policy	15,675	15,354	26,098	29,925	34,919	337	276	490	496	636
PS1 75/75 guarantee policy	48,731	83,584	81,214	100,895	101,833	1,000	1,416	1,426	1,547	1,701
PS1 75/100 guarantee policy	297,647	343,472	401,999	448,439	476,949	5,975	5,707	6,940	6,775	7,866
PS1 100/100 guarantee policy	2,720	2,677	1,181	6,571	11,321	53	43	20	97	183
PS2 75/75 guarantee policy	14,405	14,250	16,391	22,498	22,069	373	297	346	405	422
PS2 75/100 guarantee policy	25,570	24,665	24,388	28,025	33,162	661	514	514	504	634
PS 75/75 guarantee policy	1,427	2,020	1,672	149	—	18	21	18	1	—
PS 75/100 guarantee policy	7,440	7,510	7,585	6,831	—	93	77	80	63	—
PPS 75/75 guarantee policy	2,146	1,573	1,474	—	—	27	16	16	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	520.82	420.04	425.25	362.65	385.68	100.78	(5.21)
Individual	27.44	22.80	23.78	20.89	22.90	4.64	(0.98)
75/75 guarantee policy	22.77	18.90	19.70	17.29	18.93	3.87	(0.80)
75/100 guarantee policy	22.48	18.68	19.49	17.12	18.77	3.80	(0.81)
100/100 guarantee policy	21.52	17.94	18.79	16.57	18.22	3.58	(0.85)
PS1 75/75 guarantee policy	20.51	16.94	17.56	15.33	16.70	3.57	(0.62)
PS1 75/100 guarantee policy	20.07	16.61	17.26	15.11	16.49	3.46	(0.65)
PS1 100/100 guarantee policy	19.43	16.14	16.82	14.77	16.18	3.29	(0.68)
PS2 75/75 guarantee policy	25.86	20.85	21.10	17.98	19.12	5.01	(0.25)
PS2 75/100 guarantee policy	25.85	20.84	21.10	17.98	19.12	5.01	(0.26)
PS 75/75 guarantee policy	12.51	10.27	10.58	9.19	—	2.24	(0.31)
PS 75/100 guarantee policy	12.48	10.26	10.58	9.19	—	2.22	(0.32)
PPS 75/75 guarantee policy	12.75	10.42	10.68	—	—	2.33	(0.26)

Equity Fund 2.28MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Equity Fund 2.28MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Equity Fund 2.28MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Equity Fund 2.28MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Equity Fund 2.28MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Equity Fund 2.28MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Equity Fund 2.28MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.02	3.02	3.03	3.05	3.05
75/75 guarantee policy	2.92	2.92	2.93	2.94	2.93
75/100 guarantee policy	3.02	3.02	3.03	3.05	3.04
100/100 guarantee policy	3.39	3.40	3.40	3.42	3.41
PS1 75/75 guarantee policy	2.41	2.41	2.41	2.42	2.42
PS1 75/100 guarantee policy	2.63	2.63	2.64	2.65	2.64
PS1 100/100 guarantee policy	2.96	2.96	2.97	3.00	2.98
PS 75/75 guarantee policy	1.80	1.80	1.81	1.80	—
PS 75/100 guarantee policy	1.90	1.90	1.91	1.90	—
PPS 75/75 guarantee policy	1.28	1.29	1.29	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	17.91	53.93	22.81	50.10	26.94

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
LARGER COMPANY FUND 2.29MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Larger Company Fund 2.29MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Larger Company Fund 2.29MF

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 85	\$ 658
Investment income due and accrued	105	65
Due from The Canada Life Assurance Company (note 7)	4	—
Due from brokers	—	—
Due from outside parties	4	4
Investments		
Bonds	—	—
Stocks	38,153	38,158
Investment fund units	—	—
Total investments	38,153	38,158
Total assets	\$ 38,351	\$ 38,885
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	39
Due to brokers	7	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	7	39
Net assets attributable to contractholders	\$ 38,344	\$ 38,846

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 8,255	\$ (1,445)
Miscellaneous income (loss)	5	7
Total income	8,260	(1,438)
Expenses		
Management fees (note 7)	734	804
Transaction costs	65	27
Withholding taxes	—	—
Other	82	91
Total expenses	881	922
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 7,379	\$ (2,360)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 38,846	\$ 44,327
Contractholder deposits	1,646	2,493
Contractholder withdrawals	(9,527)	(5,614)
Increase (decrease) in net assets from operations attributable to contractholders	7,379	(2,360)
Change in net assets attributable to contractholders	(502)	(5,481)
Net assets attributable to contractholders - end of year	\$ 38,344	\$ 38,846

Larger Company Fund 2.29MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 7,379	\$ (2,360)
Adjustments		
Realized (gains) losses	(4,989)	1,094
Unrealized (gains) losses	(2,195)	1,506
Gross proceeds of disposition of investments	62,641	28,248
Gross payments for the purchase of investments	(55,452)	(26,042)
Change in investment income due and accrued	(40)	47
Change in due from/to The Canada Life Assurance Company	(43)	23
Change in due from/to brokers	7	—
	<u>7,308</u>	<u>2,516</u>
Financing Activities		
Contractholder deposits	1,646	2,493
Contractholder withdrawals	(9,527)	(5,614)
	<u>(7,881)</u>	<u>(3,121)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(573)	(605)
Cash, short-term deposits and overdrafts, beginning of year	658	1,263
Cash, short-term deposits and overdrafts, end of year	\$ 85	\$ 658
Supplementary cash flow information		
Dividend income received	\$ 1,031	\$ 1,196

Larger Company Fund 2.29MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
BCE Inc.	30,187	1,778	1,988
Cogeco Communications Inc. sub. voting	1,360	148	137
Quebecor Media Inc. Class B sub. voting	10,655	314	304
Shaw Communications Inc. Class B non-voting	11,828	289	454
TELUS Corp.	9,277	267	276
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	2,215	397	402
Linamar Corp.	705	50	53
Sleep Country Canada Holdings Inc.	1,504	43	56
Consumer Staples			
Alimentation Couche-Tard Inc.	7,601	330	403
Empire Co. Ltd. Class A non-voting	13,812	507	532
George Weston Ltd.	6,240	680	915
Loblaw Companies Ltd.	17,390	1,335	1,803
Metro Inc.	18,186	906	1,224
The North West Company Inc.	2,938	100	101
Energy			
ARC Resources Ltd.	2,413	25	28
Birchcliff Energy Ltd.	10,111	67	65
Canadian Natural Resources Ltd.	6,781	355	362
Enbridge Inc. [CAD]	18,125	785	896
Hydro One Ltd.	36,324	991	1,195
Parkland Corp. of Canada	1,716	64	60
TC Energy Corp.	12,755	750	750
Tourmaline Oil Corp.	5,810	172	237
Vermilion Energy Inc.	5,806	83	92
Financials			
Bank of Montreal	1,085	123	148
BMO Low Volatility Canadian Equity ETF	28,406	1,143	1,154
Brookfield Asset Management Inc.	6,430	388	491
Canaccord Genuity Group Inc.	4,224	53	64
Canadian Imperial Bank of Commerce	8,080	1,054	1,191
CI Financial Corp.	8,451	209	223

Larger Company Fund 2.29MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Financials (continued)			
Element Fleet Management Corp.	5,187	70	67
Fairfax Financial Holdings Ltd. sub. voting	1,241	692	772
Intact Financial Corp.	3,620	389	595
Laurentian Bank of Canada	3,315	117	133
Manulife Financial Corp.	5,486	134	132
National Bank of Canada	10,397	796	1,003
Onex Corp. sub. voting	3,038	272	302
Royal Bank of Canada	11,138	1,293	1,495
Sun Life Financial Inc.	10,752	615	757
The Bank of Nova Scotia	5,590	397	501
The Toronto-Dominion Bank	24,346	2,179	2,361
Thomson Reuters Corp.	7,847	839	1,187
TMX Group Ltd.	4,979	656	639
Industrials			
Aecon Group Inc.	3,714	66	63
Canadian National Railway Co.	4,695	630	730
Canadian Pacific Railway Ltd.	3,247	296	295
Finning International Inc.	6,276	183	200
GFL Environmental Inc.	1,497	64	72
Richelieu Hardware Ltd.	1,646	61	72
Russel Metals Inc.	4,324	125	145
Stantec Inc.	3,360	168	239
TFI International Inc.	2,276	299	323
Toromont Industries Ltd.	4,237	376	485
Westshore Terminals Investment Corp.	2,323	48	62
WSP Global Inc.	345	44	63
Information Technology			
CGI Group Inc. Class A sub. voting	5,301	544	593
Constellation Software Inc.	822	1,310	1,929
Open Text Corp.	9,784	608	587
Shopify Inc. [CAD]	102	180	178
The Descartes Systems Group Inc.	124	13	13
Materials			
Agnico Eagle Mines Ltd.	5,362	446	360

Larger Company Fund 2.29MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Materials (continued)			
B2Gold Corp.	33,274	170	166
Barrick Gold Corp.	40,912	1,193	984
Canfor Corp.	3,545	97	114
Centerra Gold Inc.	5,940	67	58
Dundee Precious Metals Inc.	6,144	50	48
Franco-Nevada Corp. [CAD]	4,079	545	714
Interfor Corp.	4,062	130	165
Kinross Gold Corp.	2,260	19	17
Kirkland Lake Gold Ltd.	9,088	487	482
Nutrien Ltd. [CAD]	2,869	222	273
SSR Mining Inc.	1,531	34	34
Stelco Holdings Inc.	2,825	114	116
Torex Gold Resources Inc.	3,479	53	46
West Fraser Timber Co. Ltd.	2,653	294	320
Wheaton Precious Metals Corp.	5,753	290	312
Real Estate			
Artis REIT	9,046	102	108
Boardwalk REIT	572	31	31
Cominar REIT	4,278	38	50
Dream Industrial REIT	4,960	83	85
Granite REIT Holdings LP	390	37	41
H&R REIT	6,965	112	113
Northwest Healthcare Properties REIT	6,257	85	86
SmartCentres REIT	6,140	187	198
Utilities			
ATCO Ltd. Class I non-voting	3,623	157	155
Canadian Utilities Ltd. Class A non-voting	3,388	119	124
Capital Power Corp.	2,685	106	106
Emera Inc.	4,714	268	298
Fortis Inc.	9,612	493	587
Superior Plus Corp.	6,775	86	88
Total Canadian Common Stock		32,985	37,876

Larger Company Fund 2.29MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Global Common Stock			
Bermuda			
Brookfield Business Partners LP [CAD]	419	26	24
Brookfield Infrastructure Partners LP Partnership Units	1,381	102	106
United Kingdom			
Endeavour Mining PLC	5,291	161	147
Total Global Common Stock		289	277
Total Stocks		33,274	38,153
Transaction Costs (see notes to financial statements (note 2))		(18)	
Total Investments		33,256	38,153

Larger Company Fund 2.29MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Larger Company Fund 2.29MF (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Larger Company Fund 2.29MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021						
Currency	Investments	Cash, Short-term Deposits and Overdrafts		Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ —	\$ 1	\$	1	\$	—
Total	\$ —	\$ 1	\$	1	\$	—
As Percent of Net Assets Attributable to Contractholders				—%		

**Includes both monetary and non-monetary instruments*

2020						
Currency	Investments	Cash, Short-term Deposits and Overdrafts		Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ —	\$ 24	\$	24	\$	—
Total	\$ —	\$ 24	\$	24	\$	—
As Percent of Net Assets Attributable to Contractholders				0.1%		

**Includes both monetary and non-monetary instruments*

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$382 (\$382 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Larger Company Fund 2.29MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Stocks	\$	38,153	\$ —	\$ —	\$ 38,153
Total assets measured at fair value	\$	38,153	\$ —	\$ —	\$ 38,153

		2020			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Stocks	\$	38,147	\$ 11	\$ —	\$ 38,158
Total assets measured at fair value	\$	38,147	\$ 11	\$ —	\$ 38,158

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Larger Company Fund 2.29MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	28,826	38,225	40,663	19,922	20,882	15,540	16,587	18,162	7,417	7,768
Individual	271,455	303,774	325,162	383,550	445,457	7,138	6,616	7,502	7,592	9,069
75/75 guarantee policy	70,968	79,078	101,057	82,316	85,109	1,558	1,435	1,938	1,352	1,434
75/100 guarantee policy	358,290	419,743	486,747	368,464	336,673	7,722	7,495	9,206	5,979	5,619
100/100 guarantee policy	17,105	17,420	17,521	15,385	16,899	354	299	320	242	274
PS1 75/75 guarantee policy	50,688	70,026	88,633	38,874	36,605	1,092	1,241	1,653	618	594
PS1 75/100 guarantee policy	192,644	239,337	255,120	171,403	125,614	4,061	4,160	4,677	2,683	2,013
PS1 100/100 guarantee policy	4,234	3,035	2,631	2,938	5,760	86	51	47	45	91
PS2 75/75 guarantee policy	20,949	21,460	10,656	3,238	5,350	564	465	237	60	99
PS2 75/100 guarantee policy	4,889	8,303	9,921	7,338	9,308	131	180	221	136	173
PS 75/75 guarantee policy	1,725	18,021	20,476	—	—	23	195	232	—	—
PS 75/100 guarantee policy	3,628	3,714	6,353	8,698	—	48	40	72	83	—
PPS 75/75 guarantee policy	—	1,884	—	—	—	—	21	—	—	—
PPS 75/100 guarantee policy	2,023	5,579	5,302	1,247	—	27	61	60	12	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	539.10	433.93	446.65	372.31	372.03	105.17	(12.72)
Individual	26.29	21.78	23.07	19.79	20.36	4.51	(1.29)
75/75 guarantee policy	21.96	18.15	19.18	16.42	16.85	3.81	(1.03)
75/100 guarantee policy	21.55	17.85	18.91	16.23	16.69	3.70	(1.06)
100/100 guarantee policy	20.67	17.18	18.26	15.72	16.22	3.49	(1.08)
PS1 75/75 guarantee policy	21.54	17.73	18.65	15.89	16.23	3.81	(0.92)
PS1 75/100 guarantee policy	21.08	17.38	18.33	15.65	16.03	3.70	(0.95)
PS1 100/100 guarantee policy	20.41	16.89	17.87	15.31	15.73	3.52	(0.98)
PS2 75/75 guarantee policy	26.90	21.65	22.27	18.56	18.54	5.25	(0.62)
PS2 75/100 guarantee policy	26.90	21.65	22.27	18.56	18.54	5.25	(0.62)
PS 75/75 guarantee policy	13.27	10.85	11.34	—	—	2.42	(0.49)
PS 75/100 guarantee policy	13.17	10.79	11.30	9.59	—	2.38	(0.51)
PPS 75/75 guarantee policy	—	10.97	—	—	—	—	(0.44)
PPS 75/100 guarantee policy	13.38	10.91	11.37	9.61	—	2.47	(0.46)

Larger Company Fund 2.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Larger Company Fund 2.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Larger Company Fund 2.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Larger Company Fund 2.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Larger Company Fund 2.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Larger Company Fund 2.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Larger Company Fund 2.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Larger Company Fund 2.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Larger Company Fund 2.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Larger Company Fund 2.29MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.91	2.91	2.92	2.93	2.92
75/75 guarantee policy	2.68	2.69	2.70	2.72	2.75
75/100 guarantee policy	2.91	2.91	2.92	2.93	2.92
100/100 guarantee policy	3.24	3.25	3.26	3.27	3.25
PS1 75/75 guarantee policy	2.23	2.24	2.24	2.24	2.22
PS1 75/100 guarantee policy	2.45	2.46	2.46	2.46	2.45
PS1 100/100 guarantee policy	2.78	2.79	2.80	2.83	2.79
PS 75/75 guarantee policy	1.60	1.57	1.58	—	—
PS 75/100 guarantee policy	1.79	1.80	1.80	1.79	—
PPS 75/75 guarantee policy	—	1.10	—	—	—
PPS 75/100 guarantee policy	1.33	1.34	1.34	1.34	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	147.47	65.34	55.02	60.84	59.78

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
SMALLER COMPANY FUND 2.32MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Smaller Company Fund 2.32MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Smaller Company Fund 2.32MF

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 4,522	\$ 7,382
Investment income due and accrued	104	97
Due from The Canada Life Assurance Company (note 7)	553	322
Due from brokers	—	202
Due from outside parties	1	—
Investments		
Bonds	—	—
Stocks	154,409	134,268
Investment fund units	—	—
Total investments	154,409	134,268
Total assets	\$ 159,589	\$ 142,271
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	321	95
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	321	95
Net assets attributable to contractholders	\$ 159,268	\$ 142,176

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 26,150	\$ 19,389
Miscellaneous income (loss)	149	(207)
Total income	26,299	19,182
Expenses		
Management fees (note 7)	2,988	2,549
Transaction costs	104	89
Withholding taxes	126	125
Other	336	288
Total expenses	3,554	3,051
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 22,745	\$ 16,131

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 142,176	\$ 135,469
Contractholder deposits	13,358	6,044
Contractholder withdrawals	(19,011)	(15,468)
Increase (decrease) in net assets from operations attributable to contractholders	22,745	16,131
Change in net assets attributable to contractholders	17,092	6,707
Net assets attributable to contractholders - end of year	\$ 159,268	\$ 142,176

Smaller Company Fund 2.32MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 22,745	\$ 16,131
Adjustments		
Realized (gains) losses	(23,710)	(7,791)
Unrealized (gains) losses	(622)	(10,031)
Gross proceeds of disposition of investments	73,151	62,858
Gross payments for the purchase of investments	(68,960)	(50,880)
Change in investment income due and accrued	(7)	2
Change in due from/to The Canada Life Assurance Company	(231)	(101)
Change in due from/to brokers	428	(201)
Change in due from/to outside parties	(1)	1
	<u>2,793</u>	<u>9,988</u>
Financing Activities		
Contractholder deposits	13,358	6,044
Contractholder withdrawals	(19,011)	(15,468)
	<u>(5,653)</u>	<u>(9,424)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(2,860)	564
Cash, short-term deposits and overdrafts, beginning of year	7,382	6,818
Cash, short-term deposits and overdrafts, end of year	<u>\$ 4,522</u>	<u>\$ 7,382</u>
Supplementary cash flow information		
Dividend income received	\$ 1,808	\$ 1,568

Smaller Company Fund 2.32MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Consumer Discretionary			
Aritzia Inc.	33,098	671	1,734
Park Lawn Corp.	25,303	622	1,050
Pollard Banknote Ltd.	20,385	345	812
Sleep Country Canada Holdings Inc.	19,900	433	747
Consumer Staples			
Premium Brands Holdings Corp.	7,522	931	951
Energy			
Enerplus Corp.	39,421	475	526
Mullen Group Ltd.	50,900	568	592
Parex Resources Inc.	16,995	331	367
Parkland Corp. of Canada	7,667	261	267
Pembina Pipeline Corp.	7,617	296	292
Tamarack Valley Energy Ltd.	92,700	248	357
Vermilion Energy Inc.	14,800	156	235
Whitecap Resources Inc.	46,295	292	347
Exchange Traded Funds			
iShares S&P/TSX Capped Energy Index ETF	116,600	785	1,234
Financials			
Canadian Western Bank	22,849	714	829
ECN Capital Corp.	105,130	11	561
Equitable Group Inc.	18,830	866	1,298
goeasy Ltd.	7,027	891	1,260
iA Financial Corp. Inc.	8,900	572	644
National Bank of Canada	4,027	264	388
Trisura Group Ltd.	27,060	698	1,290
Industrials			
ATS Automation Tooling Systems Inc.	33,630	875	1,691
Boyd Group Services Inc.	4,416	851	882
Calian Group Ltd.	12,389	774	762
GDI Integrated Facility Services Inc.	23,853	1,040	1,284
Hardwoods Distribution Inc.	28,826	706	1,291
IBI Group Inc.	108,000	1,071	1,462

Smaller Company Fund 2.32MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Industrials (continued)			
K-Bro Linen Inc.	14,000	539	479
Richelieu Hardware Ltd.	8,665	223	378
Savaria Corp.	59,636	895	1,143
TFI International Inc.	9,100	566	1,291
WSP Global Inc.	5,008	326	920
Information Technology			
Dye & Durham Ltd.	14,830	515	666
Enghouse Systems Ltd.	12,647	568	612
Lightspeed Commerce Inc.	8,065	343	412
The Descartes Systems Group Inc.	8,134	344	851
Materials			
B2Gold Corp.	19,300	79	96
ERO Copper Corp.	7,400	200	143
HudBay Minerals Inc.	26,100	233	239
Intertape Polymer Group Inc.	32,454	757	854
Lundin Mining Corp.	31,500	300	311
New Gold Inc.	47,000	100	89
Seabridge Gold Inc.	4,100	96	86
Torex Gold Resources Inc.	7,000	141	92
Wesdome Gold Mines Ltd.	12,500	153	144
Yamana Gold Inc.	22,400	123	119
Real Estate			
Colliers International Group Inc.	8,708	740	1,640
Dream Industrial REIT	2,106	36	36
FirstService Corp.	3,058	313	760
InterRent REIT	58,918	740	1,020
Killam Apartment REIT	44,238	719	1,044
StorageVault Canada Inc.	211,401	515	1,524
Utilities			
Boralex Inc. Class A	15,400	503	534
Total Canadian Common Stock		25,814	38,636

Smaller Company Fund 2.32MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
EverQuote Inc.	61,923	2,173	1,227
MediaAlpha Inc.	19,071	820	372
Consumer Discretionary			
Carter's Inc.	51,719	5,991	6,622
Frontdoor Inc.	100,953	5,499	4,680
Consumer Staples			
e.l.f. Beauty Inc.	63,376	1,504	2,663
Grocery Outlet Holding Corp.	162,632	5,356	5,818
Financials			
Kennedy-Wilson Holdings Inc.	204,960	5,287	6,192
Markel Corp.	2,160	2,560	3,372
Signature Bank	1,417	189	580
Health Care			
Amedisys Inc.	11,332	2,315	2,321
Berkeley Lights Inc.	134,333	4,648	3,089
HealthEquity Inc.	60,903	4,766	3,408
iRhythm Technologies Inc.	46,087	4,112	6,861
Premier Inc.	135,861	6,066	7,076
Syneos Health Inc.	46,573	2,862	6,049
Industrials			
A.O. Smith Corp.	5,989	364	650
APi Group Corp.	21,662	437	706
Healthcare Services Group Inc.	112,371	4,252	2,529
Parsons Corp.	97,855	4,633	4,165
Wabtec Corp.	27,417	2,864	3,195
Information Technology			
Alteryx Inc.	46,420	4,304	3,553
Cirrus Logic Inc.	38,751	4,002	4,511
CommVault Systems Inc.	67,299	4,440	5,867
Dolby Laboratories Inc.	33,422	2,837	4,026
Exlservice Holdings Inc.	27,233	2,033	4,987

Smaller Company Fund 2.32MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Information Technology (continued)			
LivePerson Inc.	57,828	3,215	2,613
MAXIMUS Inc.	52,906	4,297	5,332
Rackspace Technology Inc.	192,803	4,424	3,285
Tenable Holdings Inc.	73,915	3,241	5,149
Verra Mobility Corp.	245,019	4,294	4,783
Total United States Common Stock		103,785	115,681
Global Common Stock			
United Kingdom			
Endeavour Mining PLC	3,312	84	92
Total Global Common Stock		84	92
Total Stocks		129,683	154,409
Transaction Costs (see notes to financial statements (note 2))		(111)	
Total Investments		129,572	154,409

Smaller Company Fund 2.32MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Smaller Company Fund 2.32MF (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 115,681	\$ 4,498	\$ 120,179	\$ 1,202
Total	\$ 115,681	\$ 4,498	\$ 120,179	\$ 1,202
As Percent of Net Assets Attributable to Contractholders			75.5%	0.8%

*Includes both monetary and non-monetary instruments

Smaller Company Fund 2.32MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020					
Currency		Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$	98,576	\$ 7,385	\$ 105,961	\$ 1,060
Total	\$	98,576	\$ 7,385	\$ 105,961	\$ 1,060
As Percent of Net Assets Attributable to Contractholders				74.5%	0.7%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$1,544 (\$1,343 at December 31, 2020) or approximately 1.0% (0.9% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 154,409	\$ —	\$ —	\$ 154,409
Total assets measured at fair value	\$ 154,409	\$ —	\$ —	\$ 154,409

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 134,268	\$ —	\$ —	\$ 134,268
Total assets measured at fair value	\$ 134,268	\$ —	\$ —	\$ 134,268

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Smaller Company Fund 2.32MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	83,077	77,303	78,738	69,943	66,113	78,021	61,168	53,919	38,948	34,160
Individual	290,321	354,414	410,479	478,869	598,213	13,783	14,613	15,100	14,766	17,647
75/75 guarantee policy	254,856	310,798	361,850	337,472	324,654	9,828	10,389	10,769	8,402	7,717
75/100 guarantee policy	764,587	904,297	1,015,454	1,038,243	1,078,655	28,715	29,498	29,551	25,327	25,173
100/100 guarantee policy	24,118	28,894	36,518	34,306	37,241	860	899	1,018	805	840
PS1 75/75 guarantee policy	142,383	144,961	149,528	160,394	166,581	4,395	3,865	3,537	3,162	3,124
PS1 75/100 guarantee policy	588,044	591,010	684,941	695,528	692,589	17,764	15,455	15,926	13,511	12,827
PS1 100/100 guarantee policy	25,287	24,135	23,928	17,618	11,749	736	610	540	333	213
PS2 75/75 guarantee policy	36,567	41,247	53,715	62,160	53,097	1,438	1,367	1,539	1,448	1,147
PS2 75/100 guarantee policy	73,881	109,936	104,015	137,672	140,715	2,906	3,642	2,981	3,208	3,041
PS2 100/100 guarantee policy	7,632	9,781	10,042	10,299	10,565	300	324	288	240	228
PS 75/75 guarantee policy	3,395	3,223	2,982	1,666	—	51	41	34	16	—
PS 75/100 guarantee policy	13,124	2,624	2,894	561	—	195	34	33	5	—
PPS 75/75 guarantee policy	6,467	9,119	8,648	—	—	98	118	98	—	—
PPS 75/100 guarantee policy	11,806	11,890	12,053	12,437	—	178	153	136	116	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	939.14	791.28	684.80	556.85	516.69	147.86	106.48
Individual	47.47	41.23	36.79	30.84	29.50	6.24	4.44
75/75 guarantee policy	38.56	33.43	29.76	24.90	23.77	5.13	3.67
75/100 guarantee policy	37.56	32.62	29.10	24.39	23.34	4.94	3.52
100/100 guarantee policy	35.65	31.10	27.87	23.46	22.54	4.55	3.23
PS1 75/75 guarantee policy	30.87	26.66	23.65	19.72	18.76	4.21	3.01
PS1 75/100 guarantee policy	30.21	26.15	23.25	19.43	18.52	4.06	2.90
PS1 100/100 guarantee policy	29.09	25.28	22.57	18.93	18.12	3.81	2.71
PS2 75/75 guarantee policy	39.34	33.13	28.66	23.30	21.61	6.21	4.47
PS2 75/100 guarantee policy	39.34	33.13	28.66	23.30	21.61	6.21	4.47
PS2 100/100 guarantee policy	39.34	33.13	28.66	23.30	21.61	6.21	4.47
PS 75/75 guarantee policy	14.96	12.83	11.29	9.34	—	2.13	1.54
PS 75/100 guarantee policy	14.86	12.77	11.26	9.33	—	2.09	1.51
PPS 75/75 guarantee policy	15.15	12.94	11.35	—	—	2.21	1.59
PPS 75/100 guarantee policy	15.04	12.87	11.32	9.35	—	2.17	1.55

Smaller Company Fund 2.32MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Smaller Company Fund 2.32MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Smaller Company Fund 2.32MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Smaller Company Fund 2.32MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Smaller Company Fund 2.32MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Smaller Company Fund 2.32MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Smaller Company Fund 2.32MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Smaller Company Fund 2.32MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Smaller Company Fund 2.32MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Smaller Company Fund 2.32MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.08	3.08	3.08	3.10	3.10
75/75 guarantee policy	2.88	2.88	2.88	2.89	2.88
75/100 guarantee policy	3.08	3.08	3.08	3.09	3.09
100/100 guarantee policy	3.51	3.51	3.52	3.53	3.52
PS1 75/75 guarantee policy	2.52	2.52	2.52	2.53	2.52
PS1 75/100 guarantee policy	2.74	2.74	2.75	2.75	2.75
PS1 100/100 guarantee policy	3.13	3.13	3.14	3.14	3.15
PS 75/75 guarantee policy	1.75	1.75	1.76	1.75	—
PS 75/100 guarantee policy	1.96	1.95	1.96	1.95	—
PPS 75/75 guarantee policy	1.40	1.40	1.40	—	—
PPS 75/100 guarantee policy	1.62	1.62	1.63	1.62	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	45.83	40.21	31.50	56.45	44.71

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN OPPORTUNITY FUND 2.30MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Opportunity Fund 2.30MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Opportunity Fund 2.30MF

(in Canadian \$ thousands)

Fund Manager: Irish Life Investment Managers Limited

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,758	\$ 2,301
Investment income due and accrued	213	198
Due from The Canada Life Assurance Company (note 7)	—	170
Due from brokers	—	—
Due from outside parties	1	1
Investments		
Bonds	—	—
Stocks	253,969	238,482
Investment fund units	—	—
Total investments	253,969	238,482
Total assets	\$ 255,941	\$ 241,152
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	726	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	726	—
Net assets attributable to contractholders	\$ 255,215	\$ 241,152

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 40,093	\$ 5,287
Miscellaneous income (loss)	15	106
Total income	40,108	5,393
Expenses		
Management fees (note 7)	1,492	1,543
Transaction costs	38	42
Withholding taxes	777	806
Other	164	169
Total expenses	2,471	2,560
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 37,637	\$ 2,833

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 241,152	\$ 240,878
Contractholder deposits	2,899	19,630
Contractholder withdrawals	(26,473)	(22,189)
Increase (decrease) in net assets from operations attributable to contractholders	37,637	2,833
Change in net assets attributable to contractholders	14,063	274
Net assets attributable to contractholders - end of year	\$ 255,215	\$ 241,152

Canadian Opportunity Fund 2.30MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 37,637	\$ 2,833
Adjustments		
Realized (gains) losses	(13,488)	7,924
Unrealized (gains) losses	(20,713)	(6,447)
Gross proceeds of disposition of investments	120,488	135,496
Gross payments for the purchase of investments	(101,774)	(136,075)
Change in investment income due and accrued	(15)	157
Change in due from/to The Canada Life Assurance Company	896	(762)
	<u>23,031</u>	<u>3,126</u>
Financing Activities		
Contractholder deposits	2,899	19,630
Contractholder withdrawals	(26,473)	(22,189)
	<u>(23,574)</u>	<u>(2,559)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(543)	567
Cash, short-term deposits and overdrafts, beginning of year	2,301	1,734
Cash, short-term deposits and overdrafts, end of year	\$ 1,758	\$ 2,301
Supplementary cash flow information		
Dividend income received	\$ 5,877	\$ 6,920

Canadian Opportunity Fund 2.30MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Energy			
Enbridge Inc. [CAD]	59,674	3,028	2,949
Hydro One Ltd.	48,599	1,475	1,600
TC Energy Corp.	13,218	784	778
Materials			
Barrick Gold Corp.	15,487	318	372
Franco-Nevada Corp. [CAD]	9,111	1,019	1,594
Kirkland Lake Gold Ltd.	10,450	651	554
Total Canadian Common Stock		7,275	7,847
United States Common Stock			
Communication Services			
Activision Blizzard Inc.	6,536	693	550
Alphabet Inc. Class A	928	1,538	3,401
AT&T Inc.	63,312	3,495	1,970
Meta Platforms Inc.	1,201	450	511
Netflix Inc.	553	482	421
Verizon Communications Inc.	46,001	3,059	3,024
ViacomCBS Inc.	16,004	706	611
Consumer Discretionary			
Amazon.com Inc.	693	1,951	2,923
AutoZone Inc.	1,050	1,629	2,785
Dollar General Corp.	10,618	2,942	3,168
eBay Inc.	3,239	224	272
O'Reilly Automotive Inc.	3,600	2,561	3,216
Pool Corp.	338	245	242
Target Corp.	9,119	1,232	2,670
Tesla Inc.	190	259	254
The Home Depot Inc.	6,495	2,658	3,410
Tractor Supply Co.	2,928	555	884
Consumer Staples			
Colgate Palmolive Co.	30,784	2,793	3,323
Costco Wholesale Corp.	830	383	596
CVS Health Corp.	2,378	189	310

Canadian Opportunity Fund 2.30MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Consumer Staples (continued)			
General Mills Inc.	4,582	365	391
Kimberly-Clark Corp.	10,413	1,833	1,883
PepsiCo Inc.	13,781	1,849	3,028
The Clorox Co.	6,029	1,182	1,330
The Kroger Co.	56,503	1,958	3,235
The Procter & Gamble Co.	16,353	1,916	3,384
Walmart Inc.	16,407	2,736	3,003
Energy			
Coterra Energy Inc.	15,084	347	363
EOG Resources Inc.	10,197	1,168	1,146
Exxon Mobil Corp.	14,684	1,478	1,137
Kinder Morgan Inc.	108,133	2,288	2,169
Exchange Traded Funds			
Vanguard FTSE Developed Markets ETF	31,377	2,032	2,027
Vanguard S&P 500 ETF	5,758	2,942	3,180
Financials			
Berkshire Hathaway Inc. Class B	7,303	2,594	2,762
Northern Trust Corp.	19,249	2,575	2,913
S&P Global Inc.	2,117	902	1,264
T. Rowe Price Group Inc.	11,164	2,632	2,777
The Allstate Corp.	20,997	3,054	3,125
The Bank of New York Mellon Corp.	40,234	2,031	2,956
The Progressive Corp.	15,385	1,876	1,998
Health Care			
Abbott Laboratories	4,364	712	777
AbbVie Inc.	3,901	576	668
AmerisourceBergen Corp.	5,760	768	968
Amgen Inc.	11,622	3,343	3,308
Biogen Inc.	2,531	970	768
Bristol-Myers Squibb Co.	22,060	1,502	1,740
Cardinal Health Inc.	44,846	3,098	2,921
Cerner Corp.	15,698	1,504	1,844
Edwards Lifesciences Corp.	8,148	864	1,335

Canadian Opportunity Fund 2.30MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Health Care (continued)			
Eli Lilly and Co.	2,367	537	827
Gilead Sciences Inc.	35,869	3,111	3,295
Laboratory Corp. of America Holdings	1,647	531	655
McKesson Corp.	10,861	1,899	3,415
Merck & Co. Inc.	28,802	2,934	2,792
Pfizer Inc.	15,922	768	1,189
Quest Diagnostics Inc.	8,937	1,546	1,956
Regeneron Pharmaceuticals Inc.	3,584	2,726	2,863
Thermo Fisher Scientific Inc.	1,461	918	1,233
UnitedHealth Group Inc.	1,532	871	973
Vertex Pharmaceuticals Inc.	8,439	2,637	2,344
Industrials			
3M Co.	6,285	1,539	1,412
Expeditors International of Washington Inc.	18,701	2,274	3,177
J.B. Hunt Transport Services Inc.	1,307	273	338
Information Technology			
Adobe Inc.	3,653	2,179	2,620
Apple Inc.	26,148	1,111	5,874
Automatic Data Processing Inc.	4,268	1,270	1,331
Cisco Systems Inc.	42,089	2,277	3,374
Cognizant Technology Solutions Corp.	4,689	480	526
Electronic Arts Inc.	4,143	625	691
HP Inc.	6,151	241	293
IBM Corp.	9,878	1,680	1,670
Intel Corp.	47,902	2,733	3,121
Jack Henry & Associates Inc.	1,758	343	371
Micron Technology Inc.	12,757	1,218	1,503
Microsoft Corp.	11,216	1,451	4,772
Oracle Corp.	25,637	1,992	2,828
Texas Instruments Inc.	12,063	2,383	2,876
The Western Union Co.	50,948	1,099	1,150
Visa Inc. Class A	9,723	2,324	2,665
Materials			
Newmont Corp. [USD]	31,174	1,403	2,446

Canadian Opportunity Fund 2.30MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Real Estate			
American Tower Corp. REIT Class A	2,547	702	942
Public Storage REIT	7,266	2,045	3,443
Utilities			
Consolidated Edison Inc.	7,776	921	839
Exelon Corp.	11,627	546	850
Total United States Common Stock		130,726	163,595
Global Common Stock			
Belgium			
Colruyt SA	18,446	1,327	989
Proximus Group	11,675	381	288
Sofina SA	987	571	614
Bermuda			
Bunge Ltd.	2,871	344	339
Cayman Islands			
CK Asset Holdings Ltd.	108,000	716	861
Denmark			
Coloplast AS	13,359	2,602	2,954
Novo Nordisk AS	15,269	1,200	2,158
Finland			
Kone OYJ	10,824	1,215	973
France			
Orange SA	20,356	315	276
Germany			
Fresenius Medical Care AG & Co. KGaA	3,134	351	257
Hong Kong			
Hang Seng Bank Ltd.	68,400	1,618	1,584
Hong Kong Exchanges and Clearing Ltd.	40,106	1,653	2,963

Canadian Opportunity Fund 2.30MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Hong Kong (continued)			
Link REIT	69,946	952	779
Sino Land Co. Ltd.	296,000	483	466
Sun Hung Kai Properties Ltd.	125,500	2,238	1,926
Ireland			
Accenture PLC Class A	6,542	2,118	3,431
Israel			
Bank Hapoalim BM	223,355	2,134	2,915
Check Point Software Technologies Ltd.	10,586	1,550	1,561
Mizrahi Tefahot Bank Ltd.	32,410	1,234	1,583
Japan			
Brother Industries Ltd.	64,900	1,548	1,578
Canon Inc.	33,200	1,195	1,022
Dai Nippon Printing Co. Ltd.	8,700	270	277
Daito Trust Construction Co. Ltd.	14,800	2,380	2,138
Fujitsu Ltd.	3,900	609	845
ITOCHU Corp.	7,300	180	282
Kajima Corp.	26,400	713	383
Kao Corp.	13,300	1,285	880
KDDI Corp.	65,700	2,360	2,429
Medipal Holdings Corp.	51,400	1,180	1,218
MEIJI Holdings Co. Ltd.	20,200	1,570	1,524
Mitsubishi Electric Corp.	26,200	459	420
Nintendo Co. Ltd.	2,200	1,385	1,298
Ono Pharmaceutical Co. Ltd.	9,500	407	298
Otsuka Holdings Co. Ltd.	26,300	1,214	1,204
SECOM Co. Ltd.	34,100	3,584	2,994
Seiko Epson Corp.	30,000	633	683
Subaru Corp.	61,100	1,579	1,382
Taisei Corp.	51,900	2,262	1,994
Toppan Inc.	11,000	227	261
Yamada Holdings Co. Ltd.	294,000	1,351	1,270
Yamato Holdings Co. Ltd.	21,800	671	647

Canadian Opportunity Fund 2.30MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Netherlands			
Koninklijke Ahold Delhaize NV	68,449	2,200	2,965
Singapore			
Singapore Exchange Ltd.	204,300	1,760	1,783
Venture Corp. Ltd.	79,100	1,310	1,359
Spain			
Red Electrica Corp. SA	71,818	1,736	1,965
Telefonica SA	458,827	2,472	2,525
Sweden			
Investor AB	45,619	875	1,442
Kinnevik AB	8,632	456	386
Switzerland			
Garmin Ltd.	5,487	737	945
Geberit AG	3,025	2,357	3,112
Logitech International SA	9,380	866	992
Nestle SA	15,618	1,467	2,759
Novartis AG	12,753	1,431	1,415
Roche Holding AG Genusscheine	6,023	1,984	3,155
Schindler Holding AG	3,414	1,220	1,157
Swatch Group AG	8,284	639	611
Swisscom AG	3,605	2,511	2,570
United Kingdom			
GlaxoSmithKline PLC	52,442	1,297	1,442
Total Global Common Stock		75,382	82,527
Total Stocks		213,383	253,969
Transaction Costs (see notes to financial statements (note 2))		(56)	
Total Investments		213,327	253,969

Canadian Opportunity Fund 2.30MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Opportunity Fund 2.30MF (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Canadian Opportunity Fund 2.30MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 169,871	\$ 202	\$ 170,073	\$ 1,701
Japanese Yen	25,027	36	25,063	251
Swiss Franc	15,771	—	15,771	158
Other Currencies	35,453	148	35,601	355
Total	\$ 246,122	\$ 386	\$ 246,508	\$ 2,465
As Percent of Net Assets Attributable to Contractholders				96.6%
				1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 151,969	\$ 126	\$ 152,095	\$ 1,521
Japanese Yen	28,085	—	28,085	281
Swiss Franc	16,415	—	16,415	164
Other Currencies	35,623	2	35,625	356
Total	\$ 232,092	\$ 128	\$ 232,220	\$ 2,322
As Percent of Net Assets Attributable to Contractholders				96.3%
				1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$2,540 (\$2,385 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Canadian Opportunity Fund 2.30MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Stocks	\$	196,014	\$ 57,955	\$ —	\$ 253,969
Total assets measured at fair value	\$	196,014	\$ 57,955	\$ —	\$ 253,969

		2020			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Stocks	\$	158,082	\$ 80,400	\$ —	\$ 238,482
Total assets measured at fair value	\$	158,082	\$ 80,400	\$ —	\$ 238,482

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Canadian Opportunity Fund 2.30MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	60,326	64,266	71,291	74,238	76,401	24,202	22,020	24,091	22,177	22,209
Individual	511,581	575,425	666,477	771,740	873,113	19,197	19,006	22,376	23,605	26,789
75/75 guarantee policy	89,795	104,747	123,142	133,671	131,818	2,090	2,143	2,557	2,524	2,494
75/100 guarantee policy	537,984	638,394	712,697	716,365	687,509	12,341	12,889	14,627	13,394	12,895
100/100 guarantee policy	22,032	28,139	34,004	36,124	42,117	483	545	672	653	766
PS1 75/75 guarantee policy	51,260	52,765	47,285	48,889	37,266	1,194	1,076	974	912	693
PS1 75/100 guarantee policy	379,925	392,340	427,427	414,874	382,319	8,665	7,846	8,654	7,624	7,020
PS1 100/100 guarantee policy	10,030	10,565	11,363	11,762	8,420	221	205	224	211	152
PS2 75/75 guarantee policy	3,617	9,941	10,491	4,033	2,534	107	250	260	88	54
PS2 75/100 guarantee policy	4,290	4,264	8,404	7,397	6,251	127	107	209	162	133
PS 75/75 guarantee policy	10,075	11,732	11,896	1,824	—	123	125	127	17	—
PS 75/100 guarantee policy	11,156	6,777	6,036	185	—	135	72	64	2	—
PPS 75/100 guarantee policy	11,306	2,861	2,884	2,907	—	139	31	31	28	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	401.19	342.64	337.93	298.73	290.69	58.55	4.71
Individual	37.53	33.03	33.57	30.59	30.68	4.50	(0.54)
75/75 guarantee policy	23.28	20.46	20.76	18.88	18.92	2.82	(0.30)
75/100 guarantee policy	22.94	20.19	20.52	18.70	18.76	2.75	(0.33)
100/100 guarantee policy	21.92	19.37	19.76	18.07	18.20	2.55	(0.39)
PS1 75/75 guarantee policy	23.30	20.38	20.59	18.65	18.59	2.92	(0.21)
PS1 75/100 guarantee policy	22.81	20.00	20.25	18.38	18.36	2.81	(0.25)
PS1 100/100 guarantee policy	22.08	19.43	19.74	17.97	18.02	2.65	(0.31)
PS2 75/75 guarantee policy	29.49	25.18	24.82	21.94	21.34	4.31	0.36
PS2 75/100 guarantee policy	29.49	25.18	24.82	21.93	21.34	4.31	0.36
PS 75/75 guarantee policy	12.21	10.61	10.65	9.58	—	1.60	(0.04)
PS 75/100 guarantee policy	12.15	10.57	10.63	9.58	—	1.58	(0.06)
PPS 75/100 guarantee policy	12.31	10.68	10.69	9.59	—	1.63	(0.01)

Canadian Opportunity Fund 2.30MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Opportunity Fund 2.30MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Opportunity Fund 2.30MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Opportunity Fund 2.30MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Opportunity Fund 2.30MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Opportunity Fund 2.30MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Opportunity Fund 2.30MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Canadian Opportunity Fund 2.30MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Opportunity Fund 2.30MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Irish Life Investment Managers Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Canadian Opportunity Fund 2.30MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.05	3.06	3.06	3.08	3.08
75/75 guarantee policy	2.90	2.90	2.91	2.93	2.96
75/100 guarantee policy	3.05	3.06	3.06	3.08	3.08
100/100 guarantee policy	3.43	3.44	3.44	3.47	3.46
PS1 75/75 guarantee policy	2.44	2.45	2.45	2.46	2.46
PS1 75/100 guarantee policy	2.66	2.67	2.67	2.68	2.67
PS1 100/100 guarantee policy	3.00	3.00	3.01	3.01	3.00
PS 75/75 guarantee policy	1.79	1.79	1.79	1.79	—
PS 75/100 guarantee policy	1.94	1.94	1.94	1.94	—
PPS 75/100 guarantee policy	1.54	1.55	1.56	1.56	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	41.72	56.10	73.98	69.35	63.88

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

BALANCED FUND 2.31MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Fund 2.31MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Fund 2.31MF

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 107	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	92
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	89,956	98,024
Total investments	89,956	98,024
Total assets	\$ 90,063	\$ 98,116
Liabilities		
Overdrafts	\$ —	\$ 680
Due to The Canada Life Assurance Company (note 8)	8	21
Due to brokers	109	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	117	701
Net assets attributable to contractholders	\$ 89,946	\$ 97,415

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 7,794	\$ 3,323
Miscellaneous income (loss)	—	25
Total income	7,794	3,348
Expenses		
Management fees (note 8)	1,944	2,074
Other	213	229
Total expenses	2,157	2,303
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 5,637	\$ 1,045

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 97,415	\$ 104,442
Contractholder deposits	2,469	5,957
Contractholder withdrawals	(15,575)	(14,029)
Increase (decrease) in net assets from operations attributable to contractholders	5,637	1,045
Change in net assets attributable to contractholders	(7,469)	(7,027)
Net assets attributable to contractholders - end of year	\$ 89,946	\$ 97,415

Balanced Fund 2.31MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 5,637	\$ 1,045
Adjustments		
Realized (gains) losses	(1,855)	(556)
Unrealized (gains) losses	(2,952)	717
Gross proceeds of disposition of investments	19,084	14,638
Gross payments for the purchase of investments	(3,222)	(4,790)
Distribution income of underlying mutual fund	(2,987)	(3,484)
Change in due from/to The Canada Life Assurance Company	(13)	(57)
Change in due from/to brokers	201	(28)
	<u>13,893</u>	<u>7,485</u>
Financing Activities		
Contractholder deposits	2,469	5,957
Contractholder withdrawals	(15,575)	(14,029)
	<u>(13,106)</u>	<u>(8,072)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	787	(587)
Cash, short-term deposits and overdrafts, beginning of year	(680)	(93)
Cash, short-term deposits and overdrafts, end of year	\$ 107	\$ (680)

Balanced Fund 2.31MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Global Monthly Income Fund Series S *	7,714,616	79,934	89,956
Total Investments		79,934	89,956

Top Holdings

Underlying fund: Canada Life Canadian Core Bond Fund

Security Description	% of Total
Government of Canada 3.00% 12-01-2036 Real Return	3.71%
Government of Canada 1.00% 09-01-2026	3.30%
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.42%
Government of Canada 2.00% 12-01-2051	2.41%
Cash and short-term deposits	2.12%

Underlying fund: Canada Life Canadian Core Dividend Fund

Security Description	% of Total
The Toronto-Dominion Bank	8.67%
Royal Bank of Canada	8.33%
The Bank of Nova Scotia	8.06%
Bank of Montreal	8.00%
Canadian Imperial Bank of Commerce	6.69%

Underlying fund: Canada Life Canadian Growth Fund

Security Description	% of Total
Royal Bank of Canada	8.35%
The Toronto-Dominion Bank	6.90%
Bank of Montreal	5.18%
Brookfield Asset Management Inc.	4.08%
Canadian Pacific Railway Ltd.	3.99%

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Fund 2.31MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
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Top Holdings (continued)

Underlying fund: Canada Life Global Dividend Fund

Security Description	% of Total
The Procter & Gamble Co.	4.06%
Sampo OYJ A	3.90%
Nestle SA	3.47%
Johnson & Johnson Inc.	3.46%
GlaxoSmithKline PLC	3.43%

Underlying fund: Canada Life International Bond Fund

Security Description	% of Total
Buoni del Tesoro Poliennali 1.25% 12-01-2026	3.99%
Buoni del Tesoro Poliennali 0.35% 02-01-2025	3.43%
United States Treasury 2.125% 29-02-2024	3.34%
United States Treasury 1.75% 05-15-2023	3.11%
United States Treasury 1.625% 08-15-2029	2.78%

Underlying fund: Canada Life International Equity Fund

Security Description	% of Total
Nestle SA	3.42%
Novo Nordisk AS	2.98%
ASML Holding NV	2.91%
LVMH Moet Hennessy Louis Vuitton SE	2.62%
TotalEnergies SE	2.53%

Underlying fund: Canada Life U.S. Dividend Fund

Security Description	% of Total
Microsoft Corp.	6.49%
Broadcom Inc.	3.22%
JPMorgan Chase & Co.	3.12%
Eaton Corp. PLC	2.50%
Apple Inc.	2.47%

Balanced Fund 2.31MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	51,223	54,529	56,774	51,608	51,718	25,356	24,856	24,971	20,322	20,135
Individual	715,909	869,265	910,284	1,023,822	1,073,096	15,670	18,009	18,705	19,362	20,630
75/75 guarantee policy	341,456	409,474	454,286	452,052	305,549	6,302	7,138	7,837	7,161	4,912
75/100 guarantee policy	1,114,204	1,299,208	1,450,707	1,472,577	1,328,484	20,315	22,421	24,831	23,198	21,275
100/100 guarantee policy	39,247	46,514	50,265	53,680	60,307	696	782	840	827	946
PS1 75/75 guarantee policy	274,481	315,773	317,351	321,329	155,279	5,151	5,584	5,539	5,138	2,513
PS1 75/100 guarantee policy	676,905	785,830	899,739	771,103	548,922	12,497	13,693	15,502	12,193	8,798
PS1 100/100 guarantee policy	15,973	19,150	19,724	18,831	19,494	289	327	334	293	309
PS2 75/75 guarantee policy	64,325	102,484	144,642	39,446	13,172	1,513	2,218	3,019	737	243
PS2 75/100 guarantee policy	67,291	84,820	100,304	92,320	34,629	1,583	1,836	2,094	1,725	639
PS 75/75 guarantee policy	2,580	2,560	6,073	6,896	—	30	28	65	67	—
PS 75/100 guarantee policy	22,359	22,839	30,536	4,712	—	261	249	327	46	—
PPS 75/75 guarantee policy	20,174	21,088	31,267	13,290	—	239	233	337	130	—
PPS 75/100 guarantee policy	3,748	3,769	3,790	—	—	44	41	41	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	495.02	455.84	439.83	393.78	389.33	39.18	16.01
Individual	21.89	20.72	20.55	18.91	19.23	1.17	0.17
75/75 guarantee policy	18.46	17.43	17.25	15.84	16.08	1.03	0.18
75/100 guarantee policy	18.23	17.26	17.12	15.75	16.01	0.97	0.14
100/100 guarantee policy	17.74	16.82	16.71	15.40	15.68	0.92	0.11
PS1 75/75 guarantee policy	18.76	17.68	17.45	15.99	16.18	1.08	0.23
PS1 75/100 guarantee policy	18.46	17.42	17.23	15.81	16.03	1.04	0.19
PS1 100/100 guarantee policy	18.07	17.09	16.94	15.58	15.83	0.98	0.15
PS2 75/75 guarantee policy	23.52	21.64	20.87	18.68	18.46	1.88	0.77
PS2 75/100 guarantee policy	23.52	21.64	20.87	18.68	18.46	1.88	0.77
PS 75/75 guarantee policy	11.75	10.98	10.74	9.76	—	0.77	0.24
PS 75/100 guarantee policy	11.66	10.92	10.71	9.75	—	0.74	0.21
PPS 75/75 guarantee policy	11.85	11.04	10.78	9.77	—	0.81	0.26
PPS 75/100 guarantee policy	11.78	11.00	10.75	—	—	0.78	0.25

Balanced Fund 2.31MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Fund 2.31MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Fund 2.31MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Fund 2.31MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Fund 2.31MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Fund 2.31MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Fund 2.31MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Fund 2.31MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Balanced Fund 2.31MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Balanced Fund 2.31MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Fund 2.31MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Balanced Fund 2.31MF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.83	2.83	2.83	2.82	2.82
75/75 guarantee policy	2.60	2.61	2.61	2.64	2.75
75/100 guarantee policy	2.83	2.83	2.83	2.82	2.81
100/100 guarantee policy	2.99	2.99	3.00	2.99	2.98
PS1 75/75 guarantee policy	2.37	2.35	2.38	2.35	2.35
PS1 75/100 guarantee policy	2.54	2.52	2.54	2.52	2.51
PS1 100/100 guarantee policy	2.76	2.74	2.77	2.75	2.75
PS 75/75 guarantee policy	1.49	1.50	1.49	1.46	—
PS 75/100 guarantee policy	1.71	1.72	1.71	1.68	—
PPS 75/75 guarantee policy	1.26	1.25	1.26	1.23	—
PPS 75/100 guarantee policy	1.42	1.41	1.43	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.37	2.37	2.38	2.35	2.35
PS1 75/100 guarantee policy	2.54	2.54	2.54	2.52	2.51
PS1 100/100 guarantee policy	2.76	2.76	2.77	2.75	2.75
PPS 75/75 guarantee policy	1.26	1.27	1.26	1.23	—
PPS 75/100 guarantee policy	1.42	1.43	1.43	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	3.32	4.83	10.64	8.24	7.82

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

INCOME FUND 2.26MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Income Fund 2.26MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Income Fund 2.26MF

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,035	\$ 6,252
Investment income due and accrued	973	944
Due from The Canada Life Assurance Company (note 8)	—	48
Due from brokers	259	500
Due from outside parties	15	15
Investments		
Bonds	180,058	165,052
Stocks	82,495	78,468
Investment fund units	—	—
Derivatives (note 7)	60	932
Total investments	262,613	244,452
Total assets	\$ 264,895	\$ 252,211
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	3	—
Due to brokers	328	605
Derivatives (note 7)	534	—
Total liabilities excluding net assets attributable to contractholders	865	605
Net assets attributable to contractholders	\$ 264,030	\$ 251,606

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 14,879	\$ 20,222
Miscellaneous income (loss)	(8)	40
Total income	14,871	20,262
Expenses		
Management fees (note 8)	4,835	4,635
Transaction costs	49	57
Withholding taxes	107	96
Other	573	549
Total expenses	5,564	5,337
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 9,307	\$ 14,925

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 251,606	\$ 247,368
Contractholder deposits	39,869	32,027
Contractholder withdrawals	(36,752)	(42,714)
Increase (decrease) in net assets from operations attributable to contractholders	9,307	14,925
Change in net assets attributable to contractholders	12,424	4,238
Net assets attributable to contractholders - end of year	\$ 264,030	\$ 251,606

Income Fund 2.26MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 9,307	\$ 14,925
Adjustments		
Add back amortization of premium (discount)	(233)	(193)
Realized (gains) losses	(8,746)	(6,713)
Unrealized (gains) losses	1,044	(8,018)
Gross proceeds of disposition of investments	159,372	182,779
Gross payments for the purchase of investments	(169,064)	(177,265)
Change in investment income due and accrued	(29)	13
Change in due from/to The Canada Life Assurance Company	51	(76)
Change in due from/to brokers	(36)	(400)
	<u>(8,334)</u>	<u>5,052</u>
Financing Activities		
Contractholder deposits	39,869	32,027
Contractholder withdrawals	(36,752)	(42,714)
	<u>3,117</u>	<u>(10,687)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(5,217)	(5,635)
Cash, short-term deposits and overdrafts, beginning of year	6,252	11,887
Cash, short-term deposits and overdrafts, end of year	\$ 1,035	\$ 6,252
Supplementary cash flow information		
Interest income received	\$ 4,252	\$ 4,756
Dividend income received	2,166	2,401

Income Fund 2.26MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.10% 03-15-2031	2,040,000	2,036	1,915
Canada Housing Trust No. 1 1.75% 06-15-2030	1,060,000	1,083	1,058
Canada Housing Trust No. 1 1.95% 12-15-2025	100,000	104	102
Canada Housing Trust No. 1 Floating Rate 09-15-2026	9,700,000	9,700	9,723
Government of Canada 0.50% 12-01-2050 Real Return	514,000	630	676
Government of Canada 0.75% 10-01-2024	634,000	626	628
Government of Canada 1.00% 09-01-2026	2,248,000	2,215	2,224
Government of Canada 1.50% 06-01-2031	999,000	997	1,006
Government of Canada 1.75% 12-01-2053	61,000	60	62
Government of Canada 2.00% 12-01-2051	3,192,000	3,347	3,436
Total Federal Government		20,798	20,830
Provincial Governments			
Ontario Power Generation Inc. 2.977% 09-13-2029	192,000	201	201
Ontario Power Generation Inc. 3.215% 04-08-2030	100,000	100	106
Ontario Power Generation Inc. 3.315% 10-04-2027	220,000	220	234
Province of Alberta 1.65% 06-01-2031	270,000	259	260
Province of Alberta 2.95% 06-01-2052	3,425,000	3,523	3,724
Province of Alberta 3.05% 12-01-2048	150,000	156	164
Province of Alberta 3.10% 06-01-2050	2,151,000	2,259	2,391
Province of British Columbia 1.55% 06-18-2031	3,560,000	3,374	3,432
Province of British Columbia 2.75% 06-18-2052	190,000	187	204
Province of British Columbia 2.80% 06-18-2048	60,000	61	64
Province of British Columbia 2.95% 06-18-2050	1,780,000	1,906	1,977
Province of Manitoba 2.05% 09-05-2052	865,000	704	779
Province of Manitoba 3.20% 03-05-2050	875,000	921	992
Province of Ontario 1.55% 11-01-2029	1,199,000	1,196	1,173
Province of Ontario 1.90% 12-02-2051	2,795,000	2,328	2,473
Province of Ontario 2.25% 12-02-2031	4,494,000	4,488	4,563
Province of Ontario 2.55% 12-02-2052	2,095,000	2,011	2,143
Province of Ontario 2.65% 02-05-2025	80,000	81	83
Province of Ontario 3.45% 06-02-2045	170,000	194	200
Province of Ontario Generic Coupon Strip 0.00% 06-02-2026	450,000	344	419
Province of Ontario Generic Coupon Strip 0.00% 12-02-2023	2,070,000	1,579	2,026
Province of Quebec 1.50% 09-01-2031	3,680,000	3,455	3,520
Province of Quebec 3.10% 12-01-2051	5,503,000	6,308	6,309

Income Fund 2.26MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Quebec 3.50% 12-01-2048	130,000	150	157
Province of Saskatchewan 2.15% 06-02-2031	1,920,000	1,917	1,939
Province of Saskatchewan 2.80% 12-02-2052	340,000	343	361
Province of Saskatchewan 3.10% 06-02-2050	10,000	11	11
Province of Saskatchewan 3.30% 06-02-2048	70,000	73	80
Total Provincial Governments		38,349	39,985
Municipal Governments			
City of Toronto 2.60% 09-24-2039	210,000	209	211
Total Municipal Governments		209	211
Corporate - Non-convertible			
1011778 BC ULC/New Red Finance Inc. 4.00% 10-15-2030 144A	10,000	13	13
407 International Inc. 1.80% 05-22-2025	130,000	130	131
407 International Inc. 2.59% 05-25-2032	53,000	53	54
407 International Inc. 3.14% 03-06-2030	80,000	81	85
407 International Inc. 3.43% 06-01-2033	677,000	693	727
407 International Inc. 3.60% 05-21-2047	300,000	300	329
407 International Inc. 3.72% 05-11-2048	340,000	340	381
407 International Inc. 4.19% 04-25-2042	30,000	38	35
Access Justice Durham 5.015% 08-31-2039	470,403	483	565
AIMCo Realty Investors LP 2.195% 11-04-2026	125,000	125	126
AIMCo Realty Investors LP 2.712% 06-01-2029	350,000	355	360
Alectra Inc. 3.239% 11-21-2024	70,000	73	73
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	310,000	310	336
Algonquin Power & Utilities Corp. 4.65% 02-15-2022	290,000	300	291
Algonquin Power Co. 2.85% 07-15-2031	185,000	186	187
Alimentation Couche-Tard Inc. 2.95% 01-25-2030 144A	150,000	197	197
Allied Properties REIT 1.726% 02-12-2026	48,000	48	47
AltaGas Ltd. 2.166% 03-16-2027	90,000	90	89
AltaLink LP 1.509% 09-11-2030	100,000	100	95
AltaLink LP 2.978% 11-28-2022	100,000	102	102
AltaLink LP 3.717% 12-03-2046	134,000	133	152
ARC Resources Ltd. 2.354% 03-10-2026	157,000	157	157
ARC Resources Ltd. 3.465% 03-10-2031	160,000	160	164

Income Fund 2.26MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Bank of Montreal 1.551% 05-28-2026	233,000	233	229
Bank of Montreal 1.758% 03-10-2026	278,000	278	276
Bank of Montreal 1.928% 07-22-2031	207,000	207	204
Bank of Montreal 2.37% 02-03-2025	93,000	93	95
Bank of Montreal 2.70% 09-11-2024	110,000	111	113
Bank of Montreal 3.19% 03-01-2028	330,000	327	353
Bank of Montreal 4.30% 11-26-2025	172,000	172	179
Bausch Health Co. Inc. 5.50% 11-01-2025 144A	20,000	28	26
Bausch Health Co. Inc. 6.125% 04-15-25	11,000	14	14
BCI QuadReal Realty 1.056% 03-12-2024	84,000	84	83
BCI QuadReal Realty 1.073% 02-04-2026	121,000	121	117
BCI QuadReal Realty 1.747% 07-24-2030	120,000	120	115
BCIMC Realty Corp. 3.00% 03-31-2027	390,000	396	409
Bell Canada Inc. 1.65% 08-16-2027	27,000	27	26
Bell Canada Inc. 2.20% 05-29-2028	305,000	303	301
Bell Canada Inc. 2.90% 09-10-2029	365,000	364	374
Bell Canada Inc. 3.35% 03-12-2025	163,000	173	170
Bell Canada Inc. 3.50% 09-30-2050	62,000	61	60
Bell Canada Inc. 4.45% 02-27-2047	530,000	556	593
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	170,000	170	166
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	430,000	423	449
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	520,000	523	568
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	362,000	375	385
Brookfield Renewable Partners ULC 3.33% 08-13-2050	70,000	70	69
Brookfield Renewable Partners ULC 3.38% 01-15-2030	436,000	447	463
Brookfield Renewable Partners ULC 4.25% 01-15-2029	370,000	374	412
Brookfield Renewable Partners ULC 4.29% 11-05-2049	180,000	180	208
Brookfield Residential Properties Inc. 6.25% 09-15-2027 144A	10,000	13	13
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	48,000	48	48
Bruce Power LP 2.68% 12-21-2028	130,000	130	132
Bruce Power LP 3.00% 06-21-2024	239,000	241	246
Bruce Power LP 4.00% 06-21-2030	57,000	64	63
Calgary Airport Authority 3.199% 10-07-2036	61,000	61	63
Canada Housing Trust No. 1 Floating Rate 03-15-2026	1,700,000	1,706	1,705
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	20,000	20	19
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	441,000	441	435

Income Fund 2.26MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	930,000	929	935
Canadian Imperial Bank of Commerce 3.30% 05-26-2025	610,000	611	644
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	151,000	151	148
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	40,000	40	41
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	360,000	360	360
Canadian Imperial Bank of Commerce Floating Rate 06-10-2024	91,000	91	91
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	251,000	251	251
Canadian National Railway Co. 3.00% 02-08-2029	205,000	207	215
Canadian National Railway Co. 3.60% 07-31-2048	218,000	215	236
Canadian Natural Resources Ltd. 2.50% 01-17-2028	160,000	160	160
Canadian Natural Resources Ltd. 3.55% 06-03-2024	250,000	253	259
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	318,000	318	323
Canadian Pacific Railway Ltd. 3.15% 03-13-2029	180,000	180	189
Canadian Western Bank 1.57% 09-14-2023	80,000	80	80
Canadian Western Bank 1.818% 12-16-2027	190,000	190	184
Canadian Western Bank 1.926% 04-16-2026	175,000	175	173
Canadian Western Bank 2.606% 01-30-2025	85,000	87	87
Canadian Western Bank 5.00% 07-31-2081	55,000	55	55
Canadian Western Bank Floating Rate 01-22-2024	270,000	270	270
CanWel Building Materials Group Ltd. 5.25% 05-15-2026	29,000	29	29
Capital Power Corp. 3.147% 10-01-2032	200,000	201	197
Capital Power Corp. 4.284% 09-18-2024	334,000	335	353
Capital Power Corp. 4.424% 02-08-2030	160,000	161	177
Capital Power Corp. 4.986% 01-23-2026	150,000	150	165
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2025	20,000	20	21
CCL Industries Inc. 3.864% 04-13-2028	210,000	210	225
CDP Financial Inc. 1.50% 10-19-2026	346,000	345	345
Cenovus Energy Inc. 3.50% 02-07-2028	310,000	309	325
CGI Inc. 2.10% 09-18-2028	90,000	90	88
Chartwell Retirement Residences REIT 3.786% 12-11-2023	430,000	429	443
Chartwell Retirement Residences REIT 4.211% 04-28-2025	130,000	130	137
Choice Properties REIT 2.456% 11-30-2026	70,000	70	71
Choice Properties REIT 2.848% 05-21-2027	595,000	609	610
Choice Properties REIT 2.981% 03-04-2030	170,000	170	172
Choice Properties REIT 3.532% 06-11-2029	280,000	280	296
Choice Properties REIT 4.178% 03-08-2028	542,000	559	593
Cogeco Communications Inc. 2.991% 09-22-2031	199,000	198	198

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Columbia Care Inc. 13.00% 05-14-2023	10,000	14	13
Comber Wind Financial Corp. 5.132% 11-15-2030	359,542	360	395
Cordelio Amalco GP I 4.087% 06-30-2034 Series B	154,282	154	167
Cordelio Amalco GP I 4.087% 09-30-2034 Series A	151,414	151	164
Corus Entertainment Inc. 5.00% 05-11-2028	49,000	49	49
CPPIB Capital Inc. 1.95% 09-30-2029	330,000	329	333
Crombie REIT 2.686% 03-31-2028	100,000	101	100
Crombie REIT 3.133% 08-12-2031	83,000	83	82
Crombie REIT 3.211% 10-09-2030	135,000	136	136
Crombie REIT 3.917% 06-21-2027	68,000	71	72
CU Inc. 4.085% 09-02-2044	130,000	146	152
Curaleaf Holdings Inc. 8.00% 12-15-2026	130,000	167	165
Dollarama Inc. 1.505% 09-20-2027	70,000	70	67
Dream Industrial REIT 1.662% 12-22-2025	150,000	150	147
Dream Industrial REIT 2.057% 06-17-2027	103,000	103	101
Dream Industrial REIT 2.539% 12-07-2026	94,000	94	95
Eagle Credit Card Trust 1.546% 06-17-2026	250,000	250	246
Empire Communities Corp. 7.375% 12-15-2025	30,000	30	31
Enbridge Gas Distribution Inc. 2.50% 08-05-2026	80,000	81	82
Enbridge Gas Inc. 2.37% 08-09-2029	100,000	100	101
Enbridge Gas Inc. 2.90% 04-01-2030	70,000	70	73
Enbridge Gas Inc. 3.01% 08-09-2049	90,000	90	89
Enbridge Gas Inc. 3.20% 09-15-2051	122,000	120	125
Enbridge Gas Inc. 3.65% 04-01-2050	100,000	106	111
Enbridge Inc. 2.44% 06-02-2025	110,000	110	112
Enbridge Inc. 2.99% 10-03-2029	180,000	180	184
Enbridge Inc. 3.10% 09-21-2033	291,000	290	288
Enbridge Inc. 5.375% 09-27-2077	1,410,000	1,414	1,492
Enbridge Inc. 6.625% 04-12-2078	410,000	415	465
Enbridge Pipelines Inc. 4.33% 02-22-2049	110,000	115	119
Energir Inc. 2.10% 04-16-2027	100,000	100	101
EPCOR Utilities Inc. 2.899% 05-19-2050	90,000	90	88
EPCOR Utilities Inc. 3.106% 07-08-2049	260,000	260	264
EPCOR Utilities Inc. 3.554% 11-27-2047	270,000	268	296
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	298,000	299	311
Fairfax Financial Holdings Ltd. 4.23% 06-14-2029	460,000	460	494
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	60,000	60	64

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	135,000	135	132
Federation des Caisses Desjardins du Quebec 2.417% 10-04-2024	110,000	110	112
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	210,000	218	215
Ford Credit Canada Co. 2.961% 09-16-2026	70,000	70	69
Fortified Trust 1.964% 10-23-2026	299,000	299	300
GFL Environmental Inc. 3.50% 09-01-2028 144A	15,000	19	19
GFL Environmental Inc. 3.75% 08-01-2025 144A	110,000	145	142
Gibson Energy Inc. 2.85% 07-14-2027	210,000	214	214
Gibson Energy Inc. 3.60% 09-17-2029	190,000	189	200
Gibson Energy Inc. 5.25% 12-22-2030	45,000	45	45
Granite REIT Holdings LP 2.194% 08-30-2028	153,000	153	151
Greater Toronto Airports Authority 2.73% 04-03-2029	150,000	153	156
H&R REIT 2.633% 02-19-2027	190,000	190	190
H&R REIT 2.906% 06-02-2026	60,000	60	61
H&R REIT 3.369% 01-30-2024	500,000	498	514
H&R REIT 3.416% 01-23-2023	210,000	211	214
H&R REIT 4.071% 06-16-2025	232,000	236	245
HCN Canadian Holdings-1 LP 2.95% 01-15-2027	150,000	145	154
Honda Canada Finance Inc. 1.337% 03-17-2026	130,000	130	127
Honda Canada Finance Inc. 1.646% 02-25-2028	200,000	200	194
Honda Canada Finance Inc. Floating Rate 02-26-2024	190,000	190	190
Hydro One Inc. 1.41% 10-15-2027	140,000	140	135
Hydro One Inc. 1.69% 01-16-2031	60,000	60	57
Hydro One Inc. 2.23% 09-17-2031	261,000	260	258
Hydro One Inc. 3.10% 09-15-2051	50,000	48	51
Hyundai Capital Canada Inc. 2.008% 05-12-2026	101,000	101	100
IAMGOLD Corp. 5.75% 10-15-2028 144A	30,000	39	37
Intact Financial Corp. 2.179% 05-18-2028	105,000	105	105
Intact Financial Corp. 4.125% 03-31-2081	56,000	56	57
Inter Pipeline Ltd. 2.734% 04-18-2024	690,000	697	700
Inter Pipeline Ltd. 3.173% 03-24-2025	157,000	159	161
Inter Pipeline Ltd. 3.484% 12-16-2026	664,000	686	686
Inter Pipeline Ltd. 4.232% 06-01-2027	170,000	181	182
Inter Pipeline Ltd. 6.625% 11-19-2079	180,000	180	191
Inter Pipeline Ltd. 6.875% 03-26-2079	100,000	100	108
Ivanhoe Cambridge II Inc. 2.296% 12-12-2024	120,000	120	122
Ivanhoe Cambridge II Inc. 2.909% 06-27-2023	150,000	150	153

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
John Deere Financial Inc. 1.63% 04-09-2026	48,000	48	47
Keyera Corp. 3.959% 05-29-2030	240,000	255	255
Keyera Corp. 5.95% 03-10-2081	130,000	130	134
Keyera Corp. 6.875% 06-13-2029	120,000	120	132
Kruger Products LP 5.375% 04-09-2029	25,000	25	25
Kruger Products LP 6.00% 04-24-2025	60,000	60	62
Laurentian Bank of Canada 1.15% 06-03-2024	134,000	134	132
Laurentian Bank of Canada 1.603% 05-06-2026	42,000	42	42
Liberty Utilities (Canada) LP 3.315% 02-14-2050	90,000	90	89
Loblaw Companies Ltd. 2.284% 05-07-2030	210,000	211	206
Lower Mattagami Energy LP 2.433% 05-14-2031	134,000	134	136
Lower Mattagami Energy LP 3.42% 06-20-2024	200,000	210	209
Manulife Bank of Canada 1.504% 06-25-2025	350,000	350	347
Manulife Bank of Canada 1.536% 09-14-2026	208,000	208	204
Manulife Bank of Canada 2.378% 11-19-2024	100,000	100	102
Manulife Financial Corp. 2.237% 05-12-2030	120,000	120	121
Manulife Financial Corp. 3.049% 08-20-2029	530,000	530	547
Manulife Financial Corp. 3.317% 05-09-2028	160,000	160	164
Manulife Financial Corp. 3.375% 06-19-2081	330,000	330	320
Manulife Financial Corp. 4.10% 03-19-2082	155,000	155	154
MEG Energy Corp. 5.875% 02-01-2029 144A	20,000	25	27
Morgan Stanley Floating Rate 03-21-2025	384,000	384	385
National Bank of Canada 1.534% 06-15-2026	118,000	118	116
National Bank of Canada 1.573% 08-18-2026	150,000	150	148
National Bank of Canada 2.237% 11-04-2026	176,000	176	177
National Bank of Canada 2.545% 07-12-2024	1,150,000	1,159	1,176
National Bank of Canada 2.58% 02-03-2025	376,000	378	385
National Bank of Canada 2.983% 03-04-2024	540,000	551	556
National Bank of Canada 4.05% 08-15-2081	160,000	160	157
NAV CANADA 2.063% 05-29-2030	100,000	100	99
North Battleford Power LP 4.958% 12-31-2032	177,878	178	202
North West Redwater Partnership 2.80% 06-01-2027	911,000	901	935
North West Redwater Partnership 3.70% 02-23-2043	180,000	178	186
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	486,000	486	488
Nouvelle Autoroute 30 Financement Inc. 4.114% 03-31-2042	209,800	210	230
Nova Scotia Power Inc. 3.571% 04-05-2049	130,000	130	140
OMERS Finance Trust 1.55% 04-21-2027	830,000	838	822

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
OMERS Finance Trust 2.60% 05-14-2029	300,000	300	312
OMERS Realty Corp. 3.244% 10-04-2027	754,000	753	800
OMERS Realty Corp. 3.628% 06-05-2030	341,000	341	375
Ontario Power Generation Inc. 2.893% 04-08-2025	140,000	141	145
Ontario Teachers' Finance Trust 1.10% 10-19-2027	100,000	100	96
OPB Finance Trust 2.98% 01-25-2027	200,000	200	210
Parkland Corp. of Canada 3.875% 06-16-2026	372,000	372	370
Parkland Corp. of Canada 4.375% 03-26-2029	30,000	30	30
Parkland Corp. of Canada 4.50% 10-01-2029 144A	60,000	76	76
Parkland Corp. of Canada 6.00% 06-23-2028	230,000	230	244
Parkland Fuel Corp. 5.875% 07-15-2027 144A	6,000	8	8
Pembina Pipeline Corp. 3.31% 02-01-2030	40,000	43	41
Pembina Pipeline Corp. 3.53% 12-10-2031	113,000	113	116
Pembina Pipeline Corp. 3.54% 02-03-2025	37,000	37	38
Pembina Pipeline Corp. 3.62% 04-03-2029	250,000	253	263
Pembina Pipeline Corp. 4.02% 03-27-2028	560,000	586	602
Pembina Pipeline Corp. 4.54% 04-03-2049	260,000	265	276
Pembina Pipeline Corp. 4.67% 05-28-2050	40,000	42	43
Pembina Pipeline Corp. 4.74% 01-21-2047	48,000	53	52
Pembina Pipeline Corp. 4.75% 03-26-2048	57,000	63	62
Pembina Pipeline Corp. 4.80% 01-25-2031	180,000	180	177
Pembina Pipeline Corp. 4.81% 03-25-2044	98,000	107	107
Prime Structured Mortgage Trust 1.856% 11-15-2024	191,000	191	191
PSP Capital Inc. 2.05% 01-15-2030	395,000	396	400
Reliance LP 2.67% 08-01-2028	200,000	200	200
Reliance LP 2.68% 12-01-2027	110,000	110	110
RioCan REIT 2.829% 11-08-2028	62,000	62	63
Rogers Communication Inc. 5.00% 12-17-2081	350,000	350	355
Rogers Communications Inc. 3.25% 05-01-2029	187,000	188	193
Royal Bank of Canada 1.67% 01-28-2033	333,000	331	319
Royal Bank of Canada 1.833% 07-31-2028	332,000	332	325
Royal Bank of Canada 2.088% 06-30-2030	245,000	247	245
Royal Bank of Canada 2.14% 11-03-2031	255,000	255	253
Royal Bank of Canada 2.328% 01-28-2027	128,000	128	129
Royal Bank of Canada 2.88% 12-23-2029	170,000	170	174
Royal Bank of Canada 3.65% 11-24-2081	234,000	234	227
Royal Bank of Canada 4.00% 02-24-2081	356,000	356	366

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Sagen MI Canada Inc. 3.261% 03-05-2031	122,000	122	124
Sagen MI Canada Inc. 4.95% 03-24-2081	90,000	90	91
Saputo Inc. 1.415% 06-19-2026	200,000	200	194
Saputo Inc. 2.242% 06-16-2027	128,000	128	127
Saputo Inc. 2.297% 06-22-2028	70,000	70	69
Saputo Inc. 2.876% 11-19-2024	100,000	100	103
Sea To Sky Highway Investment LP 2.629% 08-31-2030	292,796	293	294
Shaw Communications Inc. 2.90% 12-09-2030	245,000	248	242
Shaw Communications Inc. 3.80% 03-01-2027	370,000	389	391
Shaw Communications Inc. 4.40% 11-02-2028	330,000	329	362
Shaw Communications Inc. 6.75% 11-09-2039	80,000	111	107
Sienna Senior Living Inc. 2.82% 03-31-2027	49,000	49	50
Sienna Senior Living Inc. 3.109% 11-04-2024	70,000	70	72
Sienna Senior Living Inc. 3.45% 02-27-2026	70,000	70	73
SmartCentres REIT 3.192% 06-11-2027	90,000	90	93
SmartCentres REIT 3.526% 12-20-2029	305,000	310	318
SmartCentres REIT 3.834% 12-21-2027	83,000	88	88
Source Energy Services Ltd. 10.50% 03-15-2025	388,315	137	214
South Coast British Columbia Transportation Authority 1.60% 07-03-2030	200,000	200	193
Spy Hill Power LP 4.14% 03-31-2036	153,439	152	168
Summit Industrial Income REIT 1.82% 04-01-2026	100,000	100	98
Summit Industrial Income REIT 2.25% 01-12-2027	72,000	72	72
Summit Industrial Income REIT 2.44% 07-14-2028	72,000	72	71
Sun Life Financial Inc. 2.06% 10-01-2035	200,000	200	191
Sun Life Financial Inc. 2.38% 08-13-2029	250,000	250	254
Sun Life Financial Inc. 2.58% 05-10-2032	230,000	230	234
Sun Life Financial Inc. 2.80% 11-21-2033	277,000	277	283
Sun Life Financial Inc. 3.60% 06-30-2081	163,000	163	160
Sun Life Financial Inc. Floating Rate 09-19-2028	410,000	411	420
Suncor Energy Inc. 3.10% 05-24-2029	380,000	385	391
Suncor Energy Inc. 3.95% 03-04-2051	143,000	141	144
Superior Plus LP 4.25% 05-18-2028	200,000	201	202
TELUS Corp. 2.05% 10-07-2030	190,000	187	180
TELUS Corp. 2.35% 01-27-2028	150,000	150	150
TELUS Corp. 2.85% 11-13-2031	150,000	150	150
TELUS Corp. 3.15% 02-19-2030	27,000	28	28
TELUS Corp. 3.30% 05-02-2029	210,000	211	220

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
TELUS Corp. 3.95% 02-16-2050	170,000	178	174
TELUS Corp. 4.85% 04-05-2044	187,000	226	216
The Bank of Nova Scotia 1.40% 11-01-2027	624,000	616	599
The Bank of Nova Scotia 2.16% 02-03-2025	151,000	150	153
The Bank of Nova Scotia 2.49% 09-23-2024	462,000	466	472
The Bank of Nova Scotia 3.70% 07-27-2081	290,000	290	284
The Bank of Nova Scotia Floating Rate 08-04-2026	304,000	304	304
The Empire Life Insurance Co. 3.625% 04-17-2026	76,000	76	75
The Independent Order of Foresters 2.885% 10-15-2035	110,000	110	111
The Toronto-Dominion Bank 1.888% 03-08-2028	680,000	680	669
The Toronto-Dominion Bank 1.896% 09-11-2028	370,000	370	363
The Toronto-Dominion Bank 1.943% 03-13-2025	320,000	320	321
The Toronto-Dominion Bank 3.06% 01-26-2032	60,000	64	62
The Toronto-Dominion Bank 3.105% 04-22-2030	483,000	502	499
The Toronto-Dominion Bank 3.60% 10-31-2081	190,000	190	184
Thomson Reuters Corp. 2.239% 05-14-2025	230,000	230	232
TMX Group Ltd. 2.016% 02-12-2031	80,000	80	78
TMX Group Ltd. 2.997% 12-11-2024	460,000	475	476
TMX Group Ltd. 3.779% 06-05-2028	130,000	131	142
Toronto Hydro Corp. 2.47% 10-20-2031	111,000	111	112
Tourmaline Oil Corp. 2.077% 01-25-2028	41,000	41	40
Tourmaline Oil Corp. 2.529% 02-12-2029	77,000	77	76
Toyota Credit Canada Inc. 1.18% 02-23-2026	130,000	130	126
TransCanada PipeLines Ltd. 3.00% 09-18-2029	370,000	372	380
TransCanada PipeLines Ltd. 3.30% 07-17-2025	30,000	32	31
TransCanada PipeLines Ltd. 3.80% 04-05-2027	470,000	498	502
TransCanada PipeLines Ltd. 4.18% 07-03-2048	170,000	187	178
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	370,000	362	381
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	275,000	275	275
TransCanada Trust 4.20% 03-04-2081	329,000	329	324
Transcontinental Inc. 2.28% 07-13-2026	50,000	50	50
Trillium Windpower LP 5.803% 02-15-2033	145,731	146	171
Trulieve Cannabis Corp. 8.00% 10-06-2026	27,000	34	35
Trulieve Cannabis Corp. 9.75% 06-18-2024	15,000	20	20
Ventas Canada Finance Ltd. 2.45% 01-04-2027	122,000	122	123
Ventas Canada Finance Ltd. 2.55% 03-15-2023	430,000	430	435
Ventas Canada Finance Ltd. 2.80% 04-12-2024	250,000	251	255

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Ventas Canada Finance Ltd. 3.30% 12-01-2031	133,000	133	135
Videotron Ltd. 3.125% 01-15-2031	210,000	210	193
Videotron Ltd. 4.50% 01-15-2030	360,000	360	369
Videotron Ltd. 5.75% 01-15-2026	20,000	20	20
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	192,000	192	189
Waste Management of Canada Corp. 2.60% 09-23-2026	320,000	319	329
WSP Global Inc. 2.408% 04-19-2028	282,000	284	281
Total Corporate - Non-convertible		70,411	71,859
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	16,000	20	20
Total Corporate - Convertible		20	20
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	80,000	32	32
Canada Goose Inc. Term Loan B 1st Lien 10-07-2027	109,176	137	139
Creation Technologies Inc. Term Loan B 1st Lien 09-24-2028	130,000	162	165
GFL Environmental Inc. Term Loan B 1st Lien 05-31-2025	19,950	25	25
Laurentian Bank of Canada 0.878% 03-01-2026	1,580,000	1,498	1,482
Merrill Lynch 0.988% 03-01-2026	420,000	389	384
Scotia Capital Inc. 0.89% 09-01-2026	131,000	126	126
Scotia Capital Inc. 1.25% 03-01-2025	270,000	219	216
The Bank of Nova Scotia 6.45% 01-01-2025	704,000	311	350
The Toronto-Dominion Bank 5.38% 07-01-2028	1,948,000	781	849
The Toronto-Dominion Bank 6.125% 12-01-2024	1,300,000	652	641
Total Mortgage Backed		4,332	4,409
Total Canadian Bonds		134,119	137,314
United States Bonds			
Federal Government			
United States Treasury 0.875% 11-15-2030	1,700,600	1,920	2,046
United States Treasury Inflation Index 0.25% 02-15-2050	769,000	1,176	1,265
United States Treasury Inflation Index 0.75% 07-15-2028	900,000	1,267	1,437

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United States Bonds (continued)			
Federal Government (continued)			
Total Federal Government		4,363	4,748
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	105,000	131	128
American Tower Corp. REIT 1.875% 10-15-2030	120,000	160	144
Ashton Woods USA LLC/Ashton Woods Finance Co. 4.625% 04-01-2030 144A	14,000	18	18
AT&T Inc. 2.25% 02-01-2032	210,000	280	257
AT&T Inc. Floating Rate 03-25-2024	80,000	100	101
Athene Global Funding 2.10% 09-24-2025	190,000	190	190
Athene Global Funding Floating Rate 04-09-2024	334,000	334	335
Bank of America Corp. 1.978% 09-15-2027	152,000	151	150
Bank of America Corp. 2.598% 04-04-2029	204,000	204	206
Bank of America Corp. 3.407% 09-20-2025	262,000	262	273
Bank of America Corp. 3.515% 03-24-2026	140,000	140	147
Bank of America Corp. Floating Rate 09-15-2027	184,000	184	185
BCPE Cycle Merger Sub II Inc. 10.625% 07-15-2027 144A	20,000	27	26
BlueLinx 6.00% 11-15-2029	17,000	21	21
BWAY Holding Co. 7.25% 04-15-2025 144A	15,000	19	19
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2026 144A	50,000	66	66
CCO Holdings LLC 4.50% 05-01-2032	160,000	201	209
Charter Communications Operating LLC 2.80% 04-01-2031	120,000	168	151
Charter Communications Operating LLC 4.50% 02-01-2024	220,000	292	296
Charter Communications Operating LLC 5.05% 03-03-2029	370,000	505	538
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 2.30% 02-01-2032	150,000	195	180
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 3.50% 06-01-2041	70,000	88	87
Chevron Corp. 1.995% 05-11-2027	50,000	70	64
CommScope Inc. 4.75% 09-01-2029 144A	20,000	25	25
ConocoPhillips 2.40% 02-15-2031 144A	100,000	125	127
Costco Wholesale Corp. 1.375% 06-20-2027	280,000	393	352
DIRECTV Holdings LLC/DIRECTV Financing Co. 5.875% 08-15-2027 144A	25,000	31	32
Exxon Mobil Corp. 2.61% 10-15-2030	160,000	222	210
Exxon Mobil Corp. 2.992% 03-19-2025	40,000	58	53
Ford Motor Co. 3.25% 02-12-2032	440,000	556	570
Foxtrot Escrow Issuer LLC/Foxtrot Escrow Corp. 12.25% 11-15-2026 144A	54,000	69	77
FXI Holdings Inc. 7.875% 11-01-2024 144A	10,000	12	13
Go Daddy Operating Co. LLC/GD Finance Co. Inc. 3.50% 03-01-2029 144A	5,000	6	6

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Goldman Sachs Group Inc. Floating Rate 04-29-2025	409,000	409	410
Gray Escrow II Inc. 5.375% 11-15-2031 144A	116,000	144	151
HCA Inc. 3.50% 09-01-2030	68,000	90	91
JPMorgan Chase & Co. 1.896% 03-05-2028	341,000	341	335
LABL Escrow Issuer LLC 10.50% 07-15-2027 144A	29,000	39	39
LABL Escrow Issuer LLC 6.75% 07-15-2026 144A	25,000	33	33
Mastercard Inc. 1.90% 03-15-2031	68,000	86	86
Mav Acquisition Corp. 5.75% 08-01-2028 144A	30,000	38	38
McDonald's Corp. 3.125% 03-04-2025	500,000	499	520
MEG Energy Corp. 7.125% 02-01-2027 144A	90,000	118	121
Morgan Stanley 3.00% 02-07-2024	690,000	694	710
Mozart Debt Merger Sub Inc. 3.875% 04-01-2029 144A	150,000	190	189
Mozart Debt Merger Sub Inc. 5.25% 10-01-2029 144A	85,000	108	109
Nestle Holdings Inc. 2.192% 01-26-2029	152,000	152	154
Nexstar Escrow Inc. 5.625% 07-15-2027 144A	31,000	41	41
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	90,000	108	113
NextEra Energy Capital Holdings Inc. 2.25% 06-01-2030	230,000	323	290
Omega Healthcare Investors Inc. 4.50% 01-15-2025	130,000	167	176
PayPal Holdings Inc. 1.35% 06-01-2023	70,000	98	89
PayPal Holdings Inc. 2.30% 06-01-2030	90,000	126	116
PayPal Holdings Inc. 2.40% 10-01-2024	160,000	212	210
PayPal Holdings Inc. 2.65% 10-01-2026	170,000	225	226
Pearl Merger Sub Inc. 6.75% 10-01-2028 144A	90,000	114	117
QVC Inc. 4.375% 09-01-2028	70,000	92	89
S&P Global Inc. 1.25% 08-15-2030	70,000	93	83
Silgan Holdings Inc. 4.125% 02-01-2028	30,000	40	39
Sinclair Television Group Inc. 5.125% 02-15-2027 144A	20,000	25	25
Superior Plus LP/Superior General Partner Inc. 4.50% 03-15-2029 144A	20,000	25	26
Switch Ltd. 3.75% 09-15-2028 144A	5,000	6	6
Target Corp. 2.25% 04-15-2025	100,000	140	131
Tenet Healthcare Corp. 4.375% 01-15-2030 144A	20,000	25	26
The Clorox Co. 1.80% 05-15-2030	150,000	209	184
The Estee Lauder Companies Inc. 1.95% 03-15-2031	114,000	143	143
The Goldman Sachs Group Inc. 2.013% 02-28-2028	342,000	342	333
The Goldman Sachs Group Inc. 2.599% 11-30-2027	280,000	280	283
The Goldman Sachs Group Inc. 3.307% 10-31-2025	280,000	302	290
The Walt Disney Co. 3.057% 03-30-2027	251,000	266	260

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
T-Mobile USA Inc. 1.50% 02-15-2026	50,000	60	63
T-Mobile USA Inc. 2.25% 11-15-2031	60,000	72	74
T-Mobile USA Inc. 2.55% 02-15-2031	90,000	108	113
T-Mobile USA Inc. 3.50% 04-15-2025	100,000	121	134
T-Mobile USA Inc. 3.75% 04-15-2027	450,000	543	617
Uber Technologies Inc. 4.50% 08-15-2029 144A	20,000	25	26
Uber Technologies Inc. 8.00% 11-01-2026 144A	83,000	109	112
Univision Communications Inc. 4.50% 05-01-2029 144A	33,000	40	42
Ventas Realty LP 4.00% 03-01-2028	210,000	266	294
Verizon Communications Inc. 1.75% 01-20-2031	260,000	337	311
Verizon Communications Inc. 2.375% 03-22-2028	397,000	397	398
Verizon Communications Inc. 2.50% 05-16-2030	320,000	326	318
Verizon Communications Inc. 2.55% 03-21-2031	139,000	172	178
Verizon Communications Inc. 3.55% 03-22-2051	29,000	36	40
Verizon Communications Inc. Floating Rate 03-20-2026	98,000	123	125
Walgreens Boots Alliance Inc. 3.20% 04-15-2030	130,000	181	174
Wells Fargo & Co. 2.493% 02-18-2027	500,000	502	505
Wells Fargo & Co. 2.568% 05-01-2025	360,000	366	366
Wells Fargo & Co. 2.975% 05-19-2026	686,000	708	709
Wells Fargo & Co. 3.90% 03-15-2026	47,000	60	61
Welltower Inc. 4.125% 03-15-2029	180,000	238	255
Welltower Inc. 4.25% 04-15-2028	180,000	235	256
Total Corporate - Non-convertible		16,671	16,709
Mortgage Backed			
A&V Holdings Midco LLC Term Loan 1st Lien 02-28-2027	74,817	87	95
ABG Intermediate Holdings 2 LLC Term Loan 1st Lien 09-29-2024	181,433	232	229
ADS Tactical Inc. Term Loan 1st Lien 03-04-2028	107,250	133	137
Adtalem Global Education Inc. Term Loan B 1st Lien 02-12-2028	300,000	370	381
Advantage Sales & Marketing Inc. Term Loan B 1st Lien 10-28-2027	99,250	128	126
Aegis Toxicology Science Corp. Term Loan B 1st Lien 05-09-2025	21,636	27	27
Alcami Carolinas Corp. Term Loan 1st Lien 07-06-2025	67,900	89	79
Alchemy US Holdco 1 LLC Term Loan B 1st Lien 10-01-2025	49,213	63	62
Alpine US Bidco LLC Term Loan 1st Lien 04-13-2021	85,785	104	108
Amentum Government Services Holdings LLC Term Loan B 1st Lien 01-31-2027	119,400	156	151
AP Core Holdings II LLC Term Loan 1st Lien 07-21-2027	132,000	164	167

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United States Bonds (continued)			
Mortgage Backed (continued)			
APFS Staffing Holdings Inc. Term Loan 1st Lien 04-10-2026	40,263	53	51
APM Global Holdings Pty Ltd. Term Loan 1st Lien 06-30-2026	54,596	67	69
Aramark Services Inc. Term Loan B 1st Lien 04-01-2028	265,669	332	335
Arc Falcon I Inc. Term Loan 1st Lien 09-22-2028	119,548	152	151
Arc Falcon I Inc. Term Loan Delayed Draw 1st Lien 09-22-2028	17,452	22	22
Ascend Performance Materials Operations Term Loan B 1st Lien 08-16-2026	88,208	115	112
Ascend Wellness Holdings Inc. Term Loan 1st Lien 08-27-2025	78,000	98	98
Astra Acquisition Corp. Term Loan B 1st Lien 10-22-2028	121,000	144	150
Ball Metalpack Finco Term Loan B 1st Lien 07-26-2025	58,200	76	74
C&D Technologies Inc. Term Loan B 1st Lien 12-13-2025	58,301	69	73
CareCentrix Inc. Term Loan B 1st Lien 04-02-2025	144,933	186	183
Castle US Holding Corp. Term Loan B 1st Lien 01-31-2027	99,583	122	125
CCS-CMGC Holdings Inc. Term Loan 1st Lien 09-25-2025	48,625	62	61
Citadel Securities LP Term Loan B 1st Lien 02-27-2028	721,692	923	908
Cowen Inc. Term Loan B 1st Lien 03-12-2028	129,350	161	163
Crown Subsea Communications Holding Inc. Term Loan 1st Lien 04-20-2027	70,521	88	90
DEI Sales Inc. Term Loan B 1st Lien 04-23-2028	109,313	134	139
DIRECTV Financing LLC Term Loan 1st Lien 07-22-2027	186,000	231	236
Domtar Corp. Term Loan B 1st Lien 10-01-2028	53,516	67	67
Domtar Corp. Term Loan B Delayed Draw 1st Lien 10-01-2028	25,484	32	32
Dotdash Meredith Inc. Term Loan B 1st Lien 11-23-2028	157,000	198	199
Flynn America LP Term Loan B 1st Lien 07-23-2028	107,000	130	130
Frontier Communications Corp. Term Loan DIP B 1st Lien 10-08-2027	89,550	111	113
Gannett Holdings LLC Term Loan B 1st Lien 02-08-2026	84,109	105	108
Garret LX I Sarl Term Loan B 1st Lien 03-05-2028 (EUR shares)	90,000	135	130
Garret LX I Sarl Term Loan B 1st Lien 03-05-2028 (USD shares)	100,000	126	127
Gateway Merger Sub 2021 Inc. Term Loan 1st Lien 06-25-2028	115,000	140	145
Grab Holdings Inc. Term Loan B 1st Lien 01-29-2026	149,250	183	188
Gray Television Inc. Term Loan D 1st Lien 10-27-2028	430,000	529	542
Heritage Power LLC Term Loan B 1st Lien 07-08-2026	96,654	123	100
Horizon Therapeutics USA Inc. Term Loan 1st Lien 02-26-2028	59,350	75	75
Hudson River Trading LLC Term Loan B 1st Lien 02-18-2027	149,250	188	188
INEOS Enterprises Holdings US Finco LLC Term Loan B 1st Lien 07-29-2026	56,376	73	72
INEOS US Petrochem LLC Term Loan B 1st Lien 01-21-2026	89,775	113	113
Ingram Micro Inc. Term Loan B 1st Lien 04-01-2028	139,650	173	177
Integro Insurance Brokers Ltd. Term Loan B 1st Lien 10-09-2022	122,249	153	148
Intermediate Dutch Term Loan B 1st Lien 02-05-2028	99,500	126	126

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United States Bonds (continued)			
Mortgage Backed (continued)			
ION Trading Finance Ltd. Term Loan B 1st Lien 03-26-2028	69,825	88	89
Isagenix International LLC Term Loan B 1st Lien 04-26-2025	86,712	88	82
Jadex Inc. Term Loan 1st Lien 02-12-2028	128,156	162	161
Jane Street Group LLC Term Loan B 1st Lien 01-21-2027	89,325	113	112
Jazz Financing Lux Sarl Term Loan B 1st Lien 04-22-2028	202,493	252	257
Journey Personal Care Corp. Term Loan 1st Lien 02-19-2028	99,750	125	126
Keane Group Holdings LLC Term Loan B 1st Lien 05-18-2025	67,725	87	85
Kestrel Bidco Inc. Term Loan 1st Lien 10-08-2026	69,460	91	85
Knight Health Holdings LLC Term Loan B 1st Lien 12-17-2028	104,000	125	122
Kronos Acquisition Holdings Inc. Term Loan B 1st Lien 12-22-2026	99,250	127	122
LABL Inc. Term Loan B 1st Lien 10-22-2028	57,000	69	72
LifeScan Global Corp. Term Loan 1st Lien 06-19-2024	169,575	215	210
LogMeIn Inc. Term Loan B 1st Lien 08-14-2027	109,175	141	138
LTR Intermediate Holdings Inc. Term Loan B 1st Lien 04-23-2028	98,753	122	124
Magenta Buyer LLC Term Loan 1st Lien 05-03-2028	175,560	214	222
Mav Acquisition Corp. Term Loan B 1st Lien 07-21-2028	140,000	174	176
McKissock Investment Holdings LLC Term Loan B 1st Lien 06-17-2028	78,803	96	98
Minotaur Acquisition Inc. Term Loan 1st Lien 02-27-2026	87,726	113	110
Mozart Borrower LP Term Loan B 1st Lien 09-30-2028	164,000	207	207
Murphy USA Inc. Term Loan B 1st Lien 01-29-2028	69,650	88	88
New Frontera Holdings LLC Term Loan 1st Lien 07-28-2026	6,630	8	9
New Frontera Holdings LLC Term Loan 2nd Lien 07-28-2028	6,387	5	5
OneDigital Borrower LLC Term Loan B 1st Lien 10-30-2027	139,322	169	176
Organon & Co. Term Loan B 1st Lien 04-08-2028	154,267	193	196
Osmosis Debt Merger Sub Inc. Term Loan B 1st Lien 06-17-2028	74,667	92	95
Osmosis Debt Merger Sub Inc. Term Loan Delayed Draw 1st Lien 06-17-2028	9,333	11	12
Plaze Inc. Term Loan B 1st Lien 08-03-2026	79,202	101	99
Pluto Acquisition I Inc. Term Loan B 1st Lien 06-20-2026	96,758	118	122
Project Sky Merger Sub Inc. Term Loan B 1st Lien 08-10-2028	121,000	150	153
RH Term Loan B 1st Lien 10-15-2028	590,000	725	745
Sigma Bidco BV Term Loan B 1st Lien 03-07-2025	48,000	76	67
Signal Parent Inc. Term Loan B 1st Lien 04-01-2028	79,800	100	98
SIRVA Worldwide Inc. Term Loan 1st Lien 08-02-2025	55,397	71	65
Sorenson Communications LLC Term Loan B 1st Lien 03-12-2026	92,096	114	117
Spa US HoldCo Inc. Term Loan B 1st Lien 03-12-2028	109,451	136	140
Specialty Pharma III Inc. Term Loan 1st Lien 02-24-2028	90,000	111	114
SS&C Technologies Holdings Inc. Term Loan B5 1st Lien 04-16-2025	47,761	62	60

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United States Bonds (continued)			
Mortgage Backed (continued)			
Stitch Acquisition Corp. Term Loan B 1st Lien 07-27-2028	95,000	111	113
Sunset Debt Merger Sub Inc. Term Loan B 1st Lien 09-17-2028	193,000	244	243
Sycamore Buyer LLC Term Loan B 1st Lien 09-24-2028	160,000	201	202
Sylvamo Corp. Term Loan B 1st Lien 08-20-2028	85,044	108	108
Teneo Holdings LLC Term Loan B 1st Lien 07-12-2025	19,206	24	24
Terrier Media Buyer Term Loan B 1st Lien 12-17-2026	248,432	313	313
The Cook & Boardman Group LLC Term Loan 1st Lien 10-12-2025	48,573	63	60
Thor Industries Inc. Term Loan B 1st Lien 02-01-2026	34,870	44	44
Titan Sub LLC Term Loan B 1st Lien 09-19-2026	58,950	77	75
Tory Burch LLC Term Loan B 1st Lien 04-15-2028	140,648	175	178
Triton Water Holdings Inc. Term Loan B 1st Lien 03-31-2028	89,775	112	113
Ultra Clean Holdings Inc. Term Loan 1st Lien 08-27-2025	112,414	141	142
Univision Communications Inc. Term Loan B 1st Lien 05-07-2028	187,000	225	237
Veregy Term Loan 1st Lien 11-03-2027	99,250	127	126
VeriFone Systems Inc. Term Loan 1st Lien 08-10-2025	58,200	76	72
Vertex Aerospace Services Corp. Term Loan B 1st Lien 10-27-2028	70,000	87	88
WildBrain Ltd. Term Loan B 1st Lien 03-18-2028	109,450	134	138
WireCo WorldGroup Inc. Term Loan B 1st Lien 10-29-2028	83,000	102	105
Xperi Holding Corp. Term Loan B 1st Lien 06-01-2025	88,829	109	112
Zotec Partners LLC Term Loan B 1st Lien 02-09-2024	48,931	61	62
Total Mortgage Backed		14,841	14,896
Total United States Bonds		35,875	36,353
Global Bonds			
Australia			
Sydney Airport Finance Co. Pty Ltd. 3.625% 04-28-2026 144A	450,000	573	605
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	520,000	529	577
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	107,000	134	131
Bahamas			
Commonwealth of Bahamas 5.75% 01-16-2024	5,000	7	6
Commonwealth of Bahamas 6.95% 11-20-2029	90,000	135	99
Commonwealth of Bahamas 8.95% 10-15-2032	290,000	375	340

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Global Bonds (continued)			
Bermuda			
LifeMiles Ltd. Term Loan B 1st Lien 08-16-2026	94,527	118	119
British Virgin Islands			
Easy Tactic Ltd. 11.75% 08-02-2023	200,000	161	96
Cayman Islands			
Agile Group Holdings Ltd. 5.75% 01-02-2025	200,000	218	164
Alibaba Group Holding Ltd. 2.70% 02-09-2041	200,000	251	231
Kaisa Group Holdings Ltd. 10.50% 09-07-2022	200,000	168	69
Ireland			
ION Trading Finance Ltd. Term Loan B 1st Lien 04-01-2028	79,800	118	115
Japan			
Toyota Motor Corp. 1.339% 03-25-2026	81,000	101	102
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	207,000	207	208
Heathrow Funding Ltd. 3.25% 05-21-2025	430,000	442	444
Heathrow Funding Ltd. 3.40% 03-08-2028	370,000	370	384
Heathrow Funding Ltd. 3.726% 04-13-2033	202,000	206	210
Heathrow Funding Ltd. 3.782% 09-04-2032	280,000	280	298
Luxembourg			
ARD Finance SA 6.50% 06-30-2027 144A	10,000	13	13
Aroundtown SA 4.625% 09-18-2025	210,000	209	223
LSF10 XL Bidco SCA Term Loan B 1st Lien 03-30-2028	80,000	118	115
Luxembourg Investment Co. 428 SARL Term Loan B 1st Lien 10-22-2028	136,000	167	172
Mexico			
Becle SAB de CV 2.50% 10-14-2031	200,000	251	249
Coca-Cola FEMSA SAB de CV 1.85% 09-01-2032	300,000	393	358
Petroleos Mexicanos 6.50% 03-13-2027	10,000	14	14
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032 144A	51,000	64	65
Teva Pharmaceuticals NE 2.80% 07-21-2023	39,000	45	50

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Global Bonds (continued)			
Panama			
AES Panama Generation Holdings SRL 4.375% 05-31-2030	200,000	267	264
United Kingdom			
BP Capital Markets PLC 3.47% 05-15-2025	280,000	281	294
Connect Finco SARL/Connect U.S. Finco LLC 6.75% 10-01-2026 144A	40,000	53	53
INEOS 226 Ltd. Term Loan B 1st Lien 01-21-2026	70,000	107	100
National Grid Electricity Transmission PLC 2.301% 06-22-2029	216,000	216	215
Venezuela			
Petroleos de Venezuela SA 6.00% 05-16-2024	160,000	51	8
Total Global Bonds		6,642	6,391
Total Bonds		176,636	180,058
Canadian Common Stock			
Communication Services			
Cogeco Communications Inc. sub. voting	6,070	623	611
Rogers Communications Inc. Class B non-voting	11,046	654	665
TELUS Corp.	37,250	878	1,110
TELUS International Inc.	13,626	502	570
Consumer Discretionary			
Dollarama Inc.	9,485	492	600
Magna International Inc.	3,877	382	397
Restaurant Brands International Inc.	12,017	990	922
Consumer Staples			
Alimentation Couche-Tard Inc.	14,002	576	742
Loblaw Companies Ltd.	2,134	134	221
Energy			
ARC Resources Ltd.	40,866	336	470
Canadian Natural Resources Ltd.	8,972	338	480
Enbridge Inc. [CAD]	18,954	878	937
Pembina Pipeline Corp.	9,528	427	366
Source Energy Services Ltd.	20,720	30	33

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Canadian Common Stock (continued)			
Energy (continued)			
Suncor Energy Inc.	42,315	1,426	1,339
TC Energy Corp.	20,736	1,183	1,220
Exchange Traded Funds			
iShares S&P/TSX Global Gold Index ETF	21,850	412	399
Financials			
Bank of Montreal	9,280	750	1,264
Brookfield Asset Management Inc.	15,708	730	1,200
Intact Financial Corp.	8,839	1,189	1,453
Manulife Financial Corp.	61,900	1,351	1,492
Royal Bank of Canada	27,568	2,366	3,700
Sun Life Financial Inc.	28,741	1,644	2,024
The Bank of Nova Scotia	21,200	1,336	1,898
The Toronto-Dominion Bank	25,473	1,334	2,469
TMX Group Ltd.	2,926	378	375
Industrials			
CAE Inc.	16,856	502	538
Canadian National Railway Co.	7,816	927	1,214
Canadian Pacific Railway Ltd.	18,935	1,505	1,723
Cargojet Inc.	1,580	295	263
Finning International Inc.	6,809	165	217
Information Technology			
CGI Group Inc. Class A sub. voting	8,045	808	900
Open Text Corp.	22,650	1,126	1,360
Materials			
Agnico Eagle Mines Ltd.	10,139	800	681
Barrick Gold Corp.	23,323	664	561
CCL Industries Inc. Class B non-voting	9,769	550	663
Nutrien Ltd. [CAD]	11,538	707	1,097
Teck Resources Ltd. Class B	13,573	365	494
Real Estate			
Allied Properties REIT	4,043	154	178

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Canadian Common Stock (continued)			
Real Estate (continued)			
Choice Properties REIT	16,031	205	244
First Capital REIT	14,771	265	279
Utilities			
Algonquin Power & Utilities Corp.	16,843	313	308
Boralex Inc. Class A	5,333	197	185
Canadian Utilities Ltd. Class A non-voting	4,898	157	180
Emera Inc.	2,537	126	160
Fortis Inc.	5,302	237	324
Northland Power Inc.	6,400	244	243
Total Canadian Common Stock		31,651	38,769
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	1,384	22	29
BCE Inc. 3.61% Preferred	2,483	39	52
BCE Inc. 4.13% Preferred	188	3	4
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	559	15	14
Energy			
AltaGas Ltd. 5.00% Preferred	13,210	330	333
TC Energy Corp. 4.90% Preferred	21,820	547	558
TransAlta Corp. 4.027% Preferred	430	8	9
Financials			
Brookfield Asset Management Inc. 4.75% Preferred	5,486	137	142
Brookfield Asset Management Inc. Preferred Conv. Series 46	1,349	34	34
Utilities			
Emera Inc. 4.25% Preferred	190	5	5
Emera Inc. 4.60% Preferred	1,510	38	38
TransAlta Corp. 2.709% Preferred	22,513	296	361
Total Canadian Preferred Stock		1,474	1,579

Income Fund 2.26MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	210	612	770
Meta Platforms Inc.	1,340	543	570
The Walt Disney Co.	1,460	193	286
Consumer Discretionary			
Amazon.com Inc.	120	486	506
Domino's Pizza Inc.	337	229	241
McDonald's Corp.	1,172	158	397
Nike Inc. Class B	1,002	77	211
Starbucks Corp.	2,320	177	343
Consumer Staples			
Altria Group Inc.	10,171	601	610
PepsiCo Inc.	1,746	320	384
Philip Morris International Inc.	7,610	790	915
The Coca-Cola Co.	9,809	649	735
Energy			
Chevron Corp.	5,762	773	855
Frontera Generation Holdings LLC.	468	1	1
Marathon Petroleum Corp.	9,410	584	762
Financials			
Bank of America Corp.	13,640	696	768
CME Group Inc.	2,370	357	685
JPMorgan Chase & Co.	6,425	812	1,287
Moody's Corp.	447	69	221
S&P Global Inc.	1,216	534	726
The Blackstone Group Inc.	5,306	356	868
US Bancorp	10,236	714	727
Health Care			
AbbVie Inc.	5,073	678	869
Becton, Dickinson and Co.	2,252	442	716
Johnson & Johnson Inc.	3,634	505	786

Income Fund 2.26MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Industrials			
Emerson Electric Co.	4,300	301	506
Equifax Inc.	1,570	210	582
Honeywell International Inc.	2,170	274	572
Stanley Black & Decker Inc.	1,860	477	444
Union Pacific Corp.	1,880	508	599
Information Technology			
Analog Devices Inc.	1,414	316	314
Apple Inc.	4,060	171	912
Broadcom Inc.	860	201	724
Lam Research Corp.	439	367	399
Microsoft Corp.	4,260	387	1,812
Motorola Solutions Inc.	1,965	437	675
Texas Instruments Inc.	2,180	300	520
Visa Inc. Class A	2,260	292	620
Materials			
Corteva Inc.	9,177	367	549
The Sherwin-Williams Co.	1,009	136	449
Real Estate			
Crown Castle International Corp.	2,203	481	582
Total United States Common Stock		16,581	25,498
Global Common Stock			
Bermuda			
Brookfield Asset Management Reinsurance Partners Ltd. Class A	121	8	10
Brookfield Infrastructure Partners LP Partnership Units	2,885	208	222
Brookfield Renewable Partners LP 5.00% Series 11 Preferred	13,810	346	352
Brookfield Renewable Partners LP 5.00% Series 13 Preferred	1,143	28	29
Cayman Islands			
Tencent Holdings Ltd.	5,310	304	394
Denmark			
Novo Nordisk AS	3,923	211	554

Income Fund 2.26MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
France			
Air Liquide SA	2,139	296	472
LVMH Moet Hennessy Louis Vuitton SE	300	164	314
Pernod Ricard SA *	770	107	234
Safran SA	3,040	350	471
Germany			
Deutsche Boerse AG	3,480	431	737
Hannover Rueck SE	2,670	570	643
SAP SE	3,351	398	605
Vonovia SE	8,733	583	610
Hong Kong			
AIA Group Ltd.	25,200	264	321
Hong Kong Exchanges and Clearing Ltd.	4,877	204	360
Ireland			
Aon Corp.	1,865	547	709
Linde PLC [USD]	1,000	217	438
Medtronic Co. PLC	3,483	504	456
Japan			
Japan Exchange Group Inc.	12,720	269	352
Keyence Corp.	470	160	374
Otsuka Corp.	5,650	262	341
Sony Group Corp.	5,300	362	847
Luxembourg			
Eurofins Scientific SE	1,919	93	300
Netherlands			
Heineken Holdings NV	2,851	307	333
Koninklijke Philips NV	6,979	329	328
Wolters Kluwer NV	3,861	384	574
Singapore			
DBS Group Holdings Ltd.	14,920	445	457

*The issuer of this security is a related company to the issuer of the Fund.

Income Fund 2.26MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Global Common Stock (continued)			
Spain			
Amadeus IT Group SA	6,360	548	541
Sweden			
Atlas Copco AB Class A	3,495	122	306
Switzerland			
Nestle SA	4,862	467	859
Roche Holding AG Genusscheine	1,550	513	812
Sika AG	667	121	350
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd.	22,557	241	635
United Kingdom			
Diageo PLC	8,002	314	553
Glencore Xstrata PLC	117,812	603	756
Total Global Common Stock		11,280	16,649
Total Stocks		60,986	82,495

Income Fund 2.26MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

		Purchased Currency		Sold Currency		Unrealized Gain (Loss)
Contract Price	Settlement Date	Currency	Value as at December 31	Currency	Value as at December 31	
0.8060	February 18, 2022	United States Dollar	2,808	Canadian Dollar	2,754	54
1.2706	February 18, 2022	Canadian Dollar	1,736	United States Dollar	1,729	6
Derivatives - Assets						60
1.2598	January 14, 2022	Canadian Dollar	2,896	United States Dollar	2,905	(9)
1.4390	January 21, 2022	Canadian Dollar	253	Euro	253	-
1.4268	January 21, 2022	Canadian Dollar	164	Euro	165	(1)
1.2546	January 28, 2022	Canadian Dollar	3,422	United States Dollar	3,444	(22)
1.2548	January 28, 2022	Canadian Dollar	3,585	United States Dollar	3,607	(23)
1.2371	February 11, 2022	Canadian Dollar	798	United States Dollar	812	(14)
1.2412	February 11, 2022	Canadian Dollar	2,276	United States Dollar	2,311	(34)
1.2328	February 11, 2022	Canadian Dollar	2,311	United States Dollar	2,358	(47)
1.2317	February 11, 2022	Canadian Dollar	2,991	United States Dollar	3,055	(64)
1.4329	February 18, 2022	Canadian Dollar	340	Euro	341	(1)
1.2569	February 18, 2022	Canadian Dollar	3,831	United States Dollar	3,851	(19)
1.2355	February 18, 2022	Canadian Dollar	2,660	United States Dollar	2,710	(50)
1.2359	February 18, 2022	Canadian Dollar	3,459	United States Dollar	3,523	(64)
1.2576	March 11, 2022	Canadian Dollar	2,466	United States Dollar	2,477	(12)
1.2450	March 11, 2022	Canadian Dollar	9,158	United States Dollar	9,274	(116)
1.2587	March 18, 2022	Canadian Dollar	1,248	United States Dollar	1,253	(5)
1.2586	March 18, 2022	Canadian Dollar	2,364	United States Dollar	2,374	(9)
Derivatives - Liabilities						(490)
Total Forward Currency Contracts						(430)

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(22)	CAD	196.69	US ULTRA BOND 31/03/2022	March 31, 2022	CAD	4,337
						CAD 197.13
						(44)
Derivatives - Liabilities						(44)
Total Futures Contracts						(44)

Total Derivative Instruments at Fair Value (474)

Transaction Costs (see notes to financial statements (note 2)) (30)

Total Investments 237,592 262,079

Income Fund 2.26MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Income Fund 2.26MF (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Income Fund 2.26MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 27,132	\$ (316)	\$ 26,816	\$	268
Euro	6,161	(2)	6,159		62
Other Currencies	8,271	—	8,271		82
Total	\$ 41,564	\$ (318)	\$ 41,246	\$	412
As Percent of Net Assets Attributable to Contractholders			15.6%		0.2%

*Includes both monetary and non-monetary instruments

2020					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 19,476	\$ 3,427	\$ 22,903	\$	229
Euro	7,077	—	7,077		71
Other Currencies	9,618	10	9,628		96
Total	\$ 36,171	\$ 3,437	\$ 39,608	\$	396
As Percent of Net Assets Attributable to Contractholders			15.7%		0.2%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 610	\$ 53,191	\$ 80,461	\$ 45,796	\$ 180,058

2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 1,106	\$ 48,777	\$ 72,959	\$ 42,210	\$ 165,052

Income Fund 2.26MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$13,843 (\$13,646 at December 31, 2020) or approximately 5.2% (5.4% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 9)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	14.0	9.5	9.4	6.2
AA	18.9	12.9	25.7	16.8
A	21.8	14.9	25.0	16.4
BBB	31.4	21.4	31.0	20.4
BB and lower	13.2	9.0	8.6	5.6
NR *	0.7	0.5	0.3	0.2
Total	100.0	68.2	100.0	65.6

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

Income Fund 2.26MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$825 (\$785 at December 31, 2020) or approximately 0.3% (0.3% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 179,940	\$ 118	\$ 180,058
Stocks	73,929	8,565	1	82,495
Derivatives	—	60	—	60
Total assets measured at fair value	\$ 73,929	\$ 188,565	\$ 119	\$ 262,613
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ 43	\$ 491	\$ —	\$ 534
Net assets attributable to contractholders measured at fair value	\$ 73,886	\$ 188,074	\$ 119	\$ 262,079

⁽¹⁾ Excludes collateral pledged to counterparties of \$522.

2020				
Assets Measured at Fair Value				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 165,052	\$ —	\$ 165,052
Stocks	62,609	15,859	—	78,468
Derivatives	—	932	—	932
Total assets measured at fair value	\$ 62,609	\$ 181,843	\$ —	\$ 244,452

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Income Fund 2.26MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification (continued)

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021		2020	
	Bonds	Stocks	Bonds	Stocks
Balance, beginning of year	\$ —	\$ —	\$ —	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	—	—	—	—
Purchases	98	—	—	—
Sales	—	—	—	—
Settlements	—	—	—	—
Transfers into Level 3	20	1	—	—
Transfers out of Level 3	—	—	—	—
Balance, end of year	\$ 118	\$ 1	\$ —	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —	\$ —	\$ —

Income Fund 2.26MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	56,637	60,124	61,425	64,007	71,080	26,370	26,475	25,718	23,177	25,856
Individual	1,809,201	2,011,255	2,338,253	2,652,411	3,143,586	53,288	57,309	62,535	65,034	79,221
75/75 guarantee policy	1,086,905	1,119,485	1,202,566	1,164,263	1,137,151	18,736	18,658	18,801	16,678	16,734
75/100 guarantee policy	4,877,506	4,976,646	5,313,043	5,302,614	5,333,904	83,474	82,395	82,563	75,544	78,104
100/100 guarantee policy	161,497	199,607	214,907	203,855	220,900	2,747	3,287	3,324	2,892	3,223
PS1 75/75 guarantee policy	677,887	642,904	582,594	498,974	589,298	10,572	9,677	8,212	6,433	7,790
PS1 75/100 guarantee policy	3,252,149	2,663,733	2,481,368	2,383,981	2,440,462	50,445	39,901	34,825	30,619	32,159
PS1 100/100 guarantee policy	137,877	73,675	81,937	90,037	89,648	2,113	1,091	1,137	1,144	1,170
PS2 75/75 guarantee policy	200,659	219,809	75,373	44,132	56,582	3,821	3,957	1,245	653	841
PS2 75/100 guarantee policy	255,332	263,161	306,695	347,477	360,925	4,862	4,737	5,064	5,140	5,361
PS2 100/100 guarantee policy	11,907	27,284	27,703	28,124	28,569	227	491	458	416	424
PS 75/75 guarantee policy	4,643	17,650	8,099	2,738	—	56	205	87	27	—
PS 75/100 guarantee policy	422,023	232,292	262,568	53,133	—	5,111	2,691	2,823	518	—
PS 100/100 guarantee policy	16,750	—	—	—	—	202	—	—	—	—
PPS 75/75 guarantee policy	16,918	—	—	—	—	206	—	—	—	—
PPS 75/100 guarantee policy	147,685	62,895	53,426	10,179	—	1,800	732	576	99	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	465.60	440.33	418.69	362.10	363.76	25.27	21.64
Individual	29.45	28.49	26.74	24.52	25.20	0.96	1.75
75/75 guarantee policy	17.24	16.67	15.63	14.33	14.72	0.57	1.04
75/100 guarantee policy	17.11	16.56	15.54	14.25	14.64	0.55	1.02
100/100 guarantee policy	17.01	16.47	15.47	14.19	14.59	0.54	1.00
PS1 75/75 guarantee policy	15.60	15.05	14.09	12.89	13.22	0.55	0.96
PS1 75/100 guarantee policy	15.51	14.98	14.03	12.84	13.18	0.53	0.95
PS1 100/100 guarantee policy	15.32	14.81	13.88	12.71	13.05	0.51	0.93
PS2 75/75 guarantee policy	19.04	18.00	16.51	14.79	14.86	1.04	1.49
PS2 75/100 guarantee policy	19.04	18.00	16.51	14.79	14.85	1.04	1.49
PS2 100/100 guarantee policy	19.04	18.00	16.51	14.79	14.86	1.04	1.49
PS 75/75 guarantee policy	12.14	11.60	10.76	9.75	—	0.54	0.84
PS 75/100 guarantee policy	12.11	11.59	10.75	9.75	—	0.52	0.84
PS 100/100 guarantee policy	12.09	—	—	—	—	0.52	—
PPS 75/75 guarantee policy	12.21	—	—	—	—	0.56	—
PPS 75/100 guarantee policy	12.19	11.64	10.78	9.76	—	0.55	0.86

Income Fund 2.26MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Income Fund 2.26MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Income Fund 2.26MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Income Fund 2.26MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Income Fund 2.26MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Income Fund 2.26MF

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Income Fund 2.26MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Income Fund 2.26MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.31	2.31	2.31	2.32	2.32
75/75 guarantee policy	2.25	2.25	2.26	2.27	2.25
75/100 guarantee policy	2.30	2.31	2.31	2.32	2.31
100/100 guarantee policy	2.36	2.36	2.37	2.38	2.37
PS1 75/75 guarantee policy	2.07	2.07	2.08	2.09	2.08
PS1 75/100 guarantee policy	2.12	2.13	2.13	2.14	2.13
PS1 100/100 guarantee policy	2.17	2.18	2.19	2.23	2.30
PS 75/75 guarantee policy	1.14	1.13	1.13	1.13	—
PS 75/100 guarantee policy	1.18	1.19	1.19	1.19	—
PS 100/100 guarantee policy	1.23	—	—	—	—
PPS 75/75 guarantee policy	0.95	—	—	—	—
PPS 75/100 guarantee policy	1.00	1.01	1.01	1.01	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	64.51	73.41	82.10	88.44	112.22

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GROWTH & INCOME FUND 2.27MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Growth & Income Fund 2.27MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Growth & Income Fund 2.27MF

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,064	\$ 100
Investment income due and accrued	334	292
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	114	—
Due from outside parties	20	20
Investments		
Bonds	38,117	36,014
Stocks	127,051	123,165
Investment fund units	—	—
Derivatives (note 7)	19	595
Total investments	165,187	159,774
Total assets	\$ 166,719	\$ 160,186
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	16	43
Due to brokers	42	6
Due to outside parties	—	—
Derivatives (note 7)	137	20
Total liabilities excluding net assets attributable to contractholders	195	69
Net assets attributable to contractholders	\$ 166,524	\$ 160,117

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 26,734	\$ 42
Miscellaneous income (loss)	20	75
Total income	26,754	117
Expenses		
Management fees (note 8)	3,334	3,505
Transaction costs	54	143
Withholding taxes	90	149
Other	374	399
Total expenses	3,852	4,196
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 22,902	\$ (4,079)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 160,117	\$ 193,049
Contractholder deposits	3,631	7,116
Contractholder withdrawals	(20,126)	(35,969)
Increase (decrease) in net assets from operations attributable to contractholders	22,902	(4,079)
Change in net assets attributable to contractholders	6,407	(32,932)
Net assets attributable to contractholders - end of year	\$ 166,524	\$ 160,117

Growth & Income Fund 2.27MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 10)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 22,902	\$ (4,079)
Adjustments		
Add back amortization of premium (discount)	(74)	(31)
Realized (gains) losses	(8,872)	3,380
Unrealized (gains) losses	(13,883)	715
Gross proceeds of disposition of investments	75,325	159,213
Gross payments for the purchase of investments	(57,792)	(131,329)
Change in investment income due and accrued	(42)	62
Change in due from/to The Canada Life Assurance Company	(27)	(79)
Change in due from/to brokers	(78)	133
	<u>17,459</u>	<u>27,985</u>
Financing Activities		
Contractholder deposits	3,631	7,116
Contractholder withdrawals	(20,126)	(35,969)
	<u>(16,495)</u>	<u>(28,853)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	964	(868)
Cash, short-term deposits and overdrafts, beginning of year	100	968
Cash, short-term deposits and overdrafts, end of year	\$ 1,064	\$ 100
Supplementary cash flow information		
Interest income received	\$ 915	\$ 1,184
Dividend income received	2,830	3,576

Growth & Income Fund 2.27MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.10% 03-15-2031	410,000	409	385
Canada Housing Trust No. 1 Floating Rate 09-15-2026	1,730,000	1,730	1,733
Government of Canada 0.50% 12-01-2050 Real Return	117,000	143	154
Government of Canada 0.75% 10-01-2024	158,000	156	157
Government of Canada 1.00% 09-01-2026	451,000	447	446
Government of Canada 1.25% 12-01-2047 Real Return	130,000	158	206
Government of Canada 1.75% 12-01-2053	10,000	10	10
Government of Canada 2.00% 12-01-2051	866,000	908	931
Total Federal Government		3,961	4,022
Provincial Governments			
Hydro-Quebec Generic Coupon Strip 0.00% 02-15-2025	110,000	88	105
Ontario Hydro Generic Coupon Strip 0.00% 05-26-2025	90,000	67	85
Ontario Power Generation Inc. 2.977% 09-13-2029	58,000	61	61
Ontario Power Generation Inc. 3.215% 04-08-2030	110,000	121	117
Ontario Power Generation Inc. 3.315% 10-04-2027	60,000	60	64
Province of Alberta 1.65% 06-01-2031	80,000	77	77
Province of Alberta 2.95% 06-01-2052	840,000	865	913
Province of Alberta 3.05% 12-01-2048	110,000	114	120
Province of Alberta 3.10% 06-01-2050	494,000	520	549
Province of British Columbia 1.55% 06-18-2031	490,000	464	472
Province of British Columbia 2.75% 06-18-2052	40,000	39	43
Province of British Columbia 2.80% 06-18-2048	20,000	20	21
Province of British Columbia 2.95% 06-18-2050	190,000	198	211
Province of Manitoba 2.05% 09-05-2052	145,000	118	131
Province of Manitoba 3.20% 03-05-2050	245,000	261	278
Province of Ontario 1.90% 12-02-2051	730,000	610	646
Province of Ontario 2.25% 12-02-2031	612,000	611	621
Province of Ontario 2.55% 12-02-2052	720,000	691	736
Province of Ontario 3.45% 06-02-2045	40,000	46	47
Province of Ontario Floating Rate 08-21-2023	550,000	554	553
Province of Quebec 1.50% 09-01-2031	850,000	798	813
Province of Quebec 3.10% 12-01-2051	1,305,000	1,494	1,495
Province of Quebec 3.50% 12-01-2048	30,000	35	36
Province of Quebec Generic Residual Strip 0.00% 04-01-2026	50,000	38	47
Province of Saskatchewan 2.80% 12-02-2052	190,000	190	202

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Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Saskatchewan 3.10% 06-02-2050	60,000	64	67
Province of Saskatchewan 3.30% 06-02-2048	100,000	104	115
Total Provincial Governments		8,308	8,625
Municipal Governments			
City of Toronto 2.60% 09-24-2039	40,000	40	40
Total Municipal Governments		40	40
Corporate - Non-convertible			
407 International Inc. 2.59% 05-25-2032	14,000	14	14
407 International Inc. 3.14% 03-06-2030	30,000	30	32
407 International Inc. 3.43% 06-01-2033	66,000	68	71
407 International Inc. 3.60% 05-21-2047	80,000	80	88
407 International Inc. 4.19% 04-25-2042	10,000	13	12
AIMCo Realty Investors LP 2.195% 11-04-2026	28,000	28	28
AIMCo Realty Investors LP 2.712% 06-01-2029	100,000	101	103
Alectra Inc. 3.239% 11-21-2024	20,000	21	21
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	120,000	125	130
Algonquin Power Co. 2.85% 07-15-2031	56,000	56	57
Alimentation Couche-Tard Inc. 2.95% 01-25-2030 144A	40,000	53	53
Allied Properties REIT 1.726% 02-12-2026	11,000	11	11
AltaGas Ltd. 2.166% 03-16-2027	20,000	20	20
AltaLink LP 1.509% 09-11-2030	20,000	20	19
AltaLink LP 3.717% 12-03-2046	120,000	147	136
ARC Resources Ltd. 2.354% 03-10-2026	35,000	35	35
ARC Resources Ltd. 3.465% 03-10-2031	35,000	35	36
Bank of Montreal 1.551% 05-28-2026	51,000	51	50
Bank of Montreal 1.758% 03-10-2026	63,000	63	63
Bank of Montreal 1.928% 07-22-2031	47,000	47	46
Bank of Montreal 2.37% 02-03-2025	33,000	34	34
Bank of Montreal 4.30% 11-26-2025	45,000	45	47
Bausch Health Co. Inc. 6.125% 04-15-25	4,000	5	5
BCI QuadReal Realty 1.073% 02-04-2026	27,000	27	26
BCI QuadReal Realty 1.747% 07-24-2030	30,000	30	29
BCIMC Realty Corp. 3.00% 03-31-2027	100,000	102	105

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Bell Canada Inc. 2.20% 05-29-2028	37,000	37	37
Bell Canada Inc. 3.50% 09-30-2050	8,000	8	8
Bell Canada Inc. 4.45% 02-27-2047	70,000	71	78
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	40,000	40	39
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	120,000	118	125
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	20,000	20	22
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	23,000	26	24
Brookfield Renewable Partners ULC 3.33% 08-13-2050	20,000	20	20
Brookfield Renewable Partners ULC 3.38% 01-15-2030	60,000	59	64
Brookfield Renewable Partners ULC 4.25% 01-15-2029	100,000	101	111
Brookfield Renewable Partners ULC 4.29% 11-05-2049	50,000	50	58
Brookfield Residential Properties Inc. 6.25% 09-15-2027 144A	10,000	13	13
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	11,000	11	11
Bruce Power LP 4.00% 06-21-2030	17,000	19	19
Calgary Airport Authority 3.199% 10-07-2036	13,000	13	13
Canada Housing Trust No. 1 Floating Rate 03-15-2026	413,000	414	414
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	111,000	111	110
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	34,000	34	33
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	10,000	10	10
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	80,000	80	80
Canadian Imperial Bank of Commerce Floating Rate 06-10-2024	10,000	10	10
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	57,000	57	57
Canadian National Railway Co. 3.00% 02-08-2029	85,000	87	89
Canadian Natural Resources Ltd. 2.50% 01-17-2028	40,000	40	40
Canadian Natural Resources Ltd. 3.55% 06-03-2024	70,000	71	73
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	73,000	73	74
Canadian Pacific Railway Ltd. 3.15% 03-13-2029	50,000	50	53
Canadian Western Bank 1.57% 09-14-2023	20,000	20	20
Canadian Western Bank 1.818% 12-16-2027	40,000	40	39
Canadian Western Bank 1.926% 04-16-2026	39,000	39	39
Canadian Western Bank 2.606% 01-30-2025	19,000	19	19
Canadian Western Bank 5.00% 07-31-2081	13,000	13	13
Canadian Western Bank Floating Rate 01-22-2024	61,000	61	61
CanWel Building Materials Group Ltd. 5.25% 05-15-2026	8,000	8	8
Capital Power Corp. 3.147% 10-01-2032	40,000	40	39
Capital Power Corp. 4.284% 09-18-2024	109,000	109	115

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Capital Power Corp. 4.424% 02-08-2030	40,000	40	44
Capital Power Corp. 4.986% 01-23-2026	40,000	40	44
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2025	5,000	5	5
CCL Industries Inc. 3.864% 04-13-2028	60,000	60	64
CDP Financial Inc. 1.50% 10-19-2026	77,000	77	77
Cenovus Energy Inc. 3.50% 02-07-2028	80,000	80	84
CGI Inc. 2.10% 09-18-2028	20,000	20	20
Chartwell Retirement Residences REIT 3.786% 12-11-2023	100,000	100	103
Chartwell Retirement Residences REIT 4.211% 04-28-2025	40,000	40	42
Choice Properties REIT 2.456% 11-30-2026	16,000	16	16
Choice Properties REIT 2.981% 03-04-2030	40,000	40	41
Choice Properties REIT 3.532% 06-11-2029	80,000	80	85
Choice Properties REIT 4.178% 03-08-2028	125,000	129	137
Cogeco Communications Inc. 2.991% 09-22-2031	24,000	24	24
Comber Wind Financial Corp. 5.132% 11-15-2030	108,481	110	119
Cordelio Amalco GP I 4.087% 06-30-2034 Series B	42,856	43	46
Cordelio Amalco GP I 4.087% 09-30-2034 Series A	42,059	42	46
Corus Entertainment Inc. 5.00% 05-11-2028	11,000	11	11
CPPIB Capital Inc. 1.95% 09-30-2029	100,000	106	101
Crombie REIT 2.686% 03-31-2028	20,000	20	20
Crombie REIT 3.133% 08-12-2031	20,000	20	20
Crombie REIT 3.211% 10-09-2030	27,000	27	27
Crombie REIT 3.917% 06-21-2027	18,000	19	19
CU Inc. 4.085% 09-02-2044	30,000	34	35
CU Inc. 4.722% 09-09-2043	35,000	47	44
Curaleaf Holdings Inc. 8.00% 12-15-2026	30,000	38	38
Dollarama Inc. 1.505% 09-20-2027	20,000	20	19
Dream Industrial REIT 1.662% 12-22-2025	38,000	38	37
Dream Industrial REIT 2.057% 06-17-2027	23,000	23	23
Dream Industrial REIT 2.539% 12-07-2026	21,000	21	21
Eagle Credit Card Trust 1.546% 06-17-2026	10,000	10	10
Empire Communities Corp. 7.375% 12-15-2025	10,000	10	10
Enbridge Gas Distribution Inc. 2.50% 08-05-2026	20,000	20	21
Enbridge Gas Inc. 2.37% 08-09-2029	30,000	30	30
Enbridge Gas Inc. 2.90% 04-01-2030	20,000	20	21
Enbridge Gas Inc. 3.01% 08-09-2049	30,000	30	30
Enbridge Gas Inc. 3.20% 09-15-2051	12,000	12	12

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Enbridge Inc. 2.44% 06-02-2025	30,000	30	30
Enbridge Inc. 2.99% 10-03-2029	40,000	40	41
Enbridge Inc. 3.10% 09-21-2033	49,000	49	48
Enbridge Inc. 5.375% 09-27-2077	310,000	314	328
Enbridge Inc. 6.625% 04-12-2078	10,000	11	11
Enbridge Pipelines Inc. 4.33% 02-22-2049	20,000	21	22
Energir Inc. 2.10% 04-16-2027	30,000	30	30
EPCOR Utilities Inc. 2.899% 05-19-2050	20,000	20	20
EPCOR Utilities Inc. 3.106% 07-08-2049	80,000	80	81
EPCOR Utilities Inc. 3.554% 11-27-2047	70,000	69	77
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	67,000	67	70
Fairfax Financial Holdings Ltd. 4.23% 06-14-2029	80,000	80	86
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	31,000	31	30
Federation des Caisses Desjardins du Quebec 2.417% 10-04-2024	30,000	30	31
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	210,000	218	215
Ford Credit Canada Co. 2.961% 09-16-2026	16,000	16	16
Fortified Trust 1.964% 10-23-2026	67,000	67	67
GFL Environmental Inc. 3.50% 09-01-2028 144A	4,000	5	5
GFL Environmental Inc. 3.75% 08-01-2025 144A	30,000	39	39
Gibson Energy Inc. 2.85% 07-14-2027	30,000	31	31
Gibson Energy Inc. 3.60% 09-17-2029	50,000	50	53
Gibson Energy Inc. 5.25% 12-22-2030	15,000	15	15
Granite REIT Holdings LP 2.194% 08-30-2028	35,000	35	35
Greater Toronto Airports Authority 2.73% 04-03-2029	50,000	51	52
H&R REIT 2.633% 02-19-2027	50,000	50	50
H&R REIT 2.906% 06-02-2026	10,000	10	10
H&R REIT 3.416% 01-23-2023	50,000	50	51
H&R REIT 4.071% 06-16-2025	55,000	56	58
HCN Canadian Holdings-1 LP 2.95% 01-15-2027	40,000	39	41
Honda Canada Finance Inc. 1.337% 03-17-2026	30,000	30	29
Honda Canada Finance Inc. 1.646% 02-25-2028	50,000	50	48
Honda Canada Finance Inc. Floating Rate 02-26-2024	50,000	50	50
Hydro One Inc. 1.41% 10-15-2027	30,000	30	29
Hydro One Inc. 1.69% 01-16-2031	15,000	15	14
Hydro One Inc. 2.23% 09-17-2031	60,000	60	59
Hydro One Inc. 3.10% 09-15-2051	10,000	10	10
Hyundai Capital Canada Inc. 2.008% 05-12-2026	23,000	23	23

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
IAMGOLD Corp. 5.75% 10-15-2028 144A	10,000	13	12
Intact Financial Corp. 2.179% 05-18-2028	23,000	23	23
Intact Financial Corp. 4.125% 03-31-2081	35,000	35	36
Inter Pipeline Ltd. 3.173% 03-24-2025	15,000	15	15
Inter Pipeline Ltd. 3.484% 12-16-2026	114,000	117	118
Inter Pipeline Ltd. 3.983% 11-25-2031	60,000	60	62
Inter Pipeline Ltd. 4.232% 06-01-2027	40,000	42	43
Inter Pipeline Ltd. 6.625% 11-19-2079	50,000	50	53
Inter Pipeline Ltd. 6.875% 03-26-2079	30,000	30	32
Ivanhoe Cambridge II Inc. 2.296% 12-12-2024	30,000	30	31
Ivanhoe Cambridge II Inc. 2.909% 06-27-2023	40,000	40	41
John Deere Financial Inc. 1.63% 04-09-2026	11,000	11	11
Keyera Corp. 3.959% 05-29-2030	100,000	106	106
Keyera Corp. 5.95% 03-10-2081	30,000	30	31
Keyera Corp. 6.875% 06-13-2029	40,000	40	44
Kruger Products LP 5.375% 04-09-2029	5,000	5	5
Kruger Products LP 6.00% 04-24-2025	20,000	20	21
Laurentian Bank of Canada 1.15% 06-03-2024	31,000	31	31
Laurentian Bank of Canada 1.603% 05-06-2026	9,000	9	9
Liberty Utilities (Canada) LP 3.315% 02-14-2050	20,000	20	20
Loblaw Companies Ltd. 2.284% 05-07-2030	50,000	50	49
Lower Mattagami Energy LP 2.433% 05-14-2031	30,000	30	30
Lower Mattagami Energy LP 3.42% 06-20-2024	50,000	53	52
Manulife Bank of Canada 1.536% 09-14-2026	47,000	47	46
Manulife Bank of Canada 2.378% 11-19-2024	25,000	25	25
Manulife Financial Corp. 2.237% 05-12-2030	30,000	30	30
Manulife Financial Corp. 4.10% 03-19-2082	35,000	35	35
MEG Energy Corp. 5.875% 02-01-2029 144A	20,000	25	27
Morgan Stanley Floating Rate 03-21-2025	87,000	87	87
National Bank of Canada 1.534% 06-15-2026	27,000	27	27
National Bank of Canada 1.573% 08-18-2026	330,000	335	326
National Bank of Canada 2.237% 11-04-2026	39,000	39	39
National Bank of Canada 4.05% 08-15-2081	36,000	36	35
NAV CANADA 2.063% 05-29-2030	20,000	20	20
North Battleford Power LP 4.958% 12-31-2032	200,111	200	227
North West Redwater Partnership 2.80% 06-01-2027	113,000	111	116
North West Redwater Partnership 3.70% 02-23-2043	30,000	30	31

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	66,000	66	66
Nouvelle Autoroute 30 Financement Inc. 4.114% 03-31-2042	59,943	60	66
Nova Scotia Power Inc. 3.571% 04-05-2049	40,000	40	43
OMERS Finance Trust 1.55% 04-21-2027	210,000	212	208
OMERS Finance Trust 2.60% 05-14-2029	140,000	151	146
OMERS Realty Corp. 3.244% 10-04-2027	99,000	99	105
OMERS Realty Corp. 3.628% 06-05-2030	104,000	104	114
Ontario Power Generation Inc. 2.893% 04-08-2025	40,000	40	41
Ontario Teachers' Finance Trust 1.10% 10-19-2027	30,000	30	29
OPB Finance Trust 2.98% 01-25-2027	20,000	21	21
Parkland Corp. of Canada 3.875% 06-16-2026	85,000	85	85
Parkland Corp. of Canada 4.375% 03-26-2029	7,000	7	7
Parkland Corp. of Canada 4.50% 10-01-2029 144A	10,000	13	13
Parkland Corp. of Canada 6.00% 06-23-2028	50,000	50	53
Parkland Fuel Corp. 5.875% 07-15-2027 144A	2,000	3	3
Pembina Pipeline Corp. 3.31% 02-01-2030	10,000	11	10
Pembina Pipeline Corp. 3.53% 12-10-2031	25,000	25	26
Pembina Pipeline Corp. 3.54% 02-03-2025	15,000	15	16
Pembina Pipeline Corp. 3.62% 04-03-2029	70,000	71	74
Pembina Pipeline Corp. 4.02% 03-27-2028	40,000	45	43
Pembina Pipeline Corp. 4.54% 04-03-2049	70,000	71	74
Pembina Pipeline Corp. 4.74% 01-21-2047	11,000	12	12
Pembina Pipeline Corp. 4.75% 03-26-2048	27,000	29	30
Pembina Pipeline Corp. 4.80% 01-25-2031	40,000	40	39
Pembina Pipeline Corp. 4.81% 03-25-2044	59,000	63	65
Prime Structured Mortgage Trust 1.856% 11-15-2024	42,000	42	42
PSP Capital Inc. 2.05% 01-15-2030	151,000	160	153
Reliance LP 2.67% 08-01-2028	126,000	126	126
Reliance LP 2.68% 12-01-2027	30,000	30	30
RioCan REIT 2.829% 11-08-2028	14,000	14	14
Rogers Communication Inc. 5.00% 12-17-2081	77,000	77	78
Rogers Communications Inc. 3.25% 05-01-2029	58,000	58	60
Royal Bank of Canada 1.67% 01-28-2033	80,000	79	77
Royal Bank of Canada 1.833% 07-31-2028	75,000	75	73
Royal Bank of Canada 2.088% 06-30-2030	155,000	157	155
Royal Bank of Canada 2.14% 11-03-2031	56,000	56	56
Royal Bank of Canada 2.328% 01-28-2027	159,000	167	161

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Royal Bank of Canada 2.88% 12-23-2029	40,000	40	41
Royal Bank of Canada 3.65% 11-24-2081	53,000	53	51
Royal Bank of Canada 4.00% 02-24-2081	92,000	92	95
Sagen MI Canada Inc. 3.261% 03-05-2031	27,000	27	27
Sagen MI Canada Inc. 4.95% 03-24-2081	20,000	20	20
Saputo Inc. 1.415% 06-19-2026	50,000	50	48
Saputo Inc. 2.242% 06-16-2027	30,000	30	30
Saputo Inc. 2.297% 06-22-2028	16,000	16	16
Saputo Inc. 2.876% 11-19-2024	30,000	30	31
Sea To Sky Highway Investment LP 2.629% 08-31-2030	34,857	36	35
Shaw Communications Inc. 2.90% 12-09-2030	63,000	64	62
Shaw Communications Inc. 3.80% 03-01-2027	120,000	126	127
Shaw Communications Inc. 4.40% 11-02-2028	90,000	90	99
Shaw Communications Inc. 6.75% 11-09-2039	20,000	28	27
Sienna Senior Living Inc. 2.82% 03-31-2027	11,000	11	11
Sienna Senior Living Inc. 3.109% 11-04-2024	20,000	20	21
Sienna Senior Living Inc. 3.45% 02-27-2026	20,000	20	21
SmartCentres REIT 3.192% 06-11-2027	20,000	20	21
SmartCentres REIT 3.526% 12-20-2029	81,000	82	85
SmartCentres REIT 3.834% 12-21-2027	21,000	22	22
Source Energy Services Ltd. 10.50% 03-15-2025	101,603	36	56
South Coast British Columbia Transportation Authority 1.60% 07-03-2030	50,000	50	48
Summit Industrial Income REIT 1.82% 04-01-2026	20,000	20	20
Summit Industrial Income REIT 2.25% 01-12-2027	16,000	16	16
Summit Industrial Income REIT 2.44% 07-14-2028	16,000	16	16
Sun Life Financial Inc. 2.06% 10-01-2035	50,000	50	48
Sun Life Financial Inc. 2.38% 08-13-2029	70,000	70	71
Sun Life Financial Inc. 2.80% 11-21-2033	63,000	63	64
Sun Life Financial Inc. 3.60% 06-30-2081	37,000	37	36
Sun Life Financial Inc. Floating Rate 09-19-2028	110,000	110	113
Suncor Energy Inc. 3.10% 05-24-2029	90,000	91	93
Suncor Energy Inc. 3.95% 03-04-2051	32,000	31	32
Superior Plus LP 4.25% 05-18-2028	40,000	40	40
TELUS Corp. 2.05% 10-07-2030	50,000	49	47
TELUS Corp. 2.85% 11-13-2031	36,000	36	36
TELUS Corp. 3.30% 05-02-2029	60,000	60	63
TELUS Corp. 3.95% 02-16-2050	39,000	41	40

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
TELUS Corp. 4.85% 04-05-2044	47,000	57	54
The Bank of Nova Scotia 2.16% 02-03-2025	102,000	105	103
The Bank of Nova Scotia 3.70% 07-27-2081	66,000	66	65
The Bank of Nova Scotia Floating Rate 08-04-2026	69,000	69	69
The Empire Life Insurance Co. 3.625% 04-17-2026	20,000	20	20
The Independent Order of Foresters 2.885% 10-15-2035	30,000	30	30
The Toronto-Dominion Bank 1.888% 03-08-2028	150,000	150	148
The Toronto-Dominion Bank 1.896% 09-11-2028	84,000	84	82
The Toronto-Dominion Bank 1.943% 03-13-2025	580,000	599	583
The Toronto-Dominion Bank 3.06% 01-26-2032	10,000	11	10
The Toronto-Dominion Bank 3.105% 04-22-2030	84,000	88	87
The Toronto-Dominion Bank 3.60% 10-31-2081	43,000	43	42
Thomson Reuters Corp. 2.239% 05-14-2025	60,000	60	61
TMX Group Ltd. 2.016% 02-12-2031	20,000	20	19
TMX Group Ltd. 2.997% 12-11-2024	90,000	91	93
TMX Group Ltd. 3.779% 06-05-2028	40,000	40	44
Toronto Hydro Corp. 2.47% 10-20-2031	25,000	25	25
Tourmaline Oil Corp. 2.077% 01-25-2028	3,000	3	3
Tourmaline Oil Corp. 2.529% 02-12-2029	18,000	18	18
Toyota Credit Canada Inc. 1.18% 02-23-2026	30,000	30	29
TransCanada PipeLines Ltd. 3.00% 09-18-2029	240,000	248	246
TransCanada PipeLines Ltd. 3.30% 07-17-2025	8,000	9	8
TransCanada PipeLines Ltd. 3.80% 04-05-2027	120,000	127	128
TransCanada PipeLines Ltd. 4.18% 07-03-2048	40,000	45	42
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	100,000	98	103
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	63,000	63	63
TransCanada Trust 4.20% 03-04-2081	73,000	73	72
Transcontinental Inc. 2.28% 07-13-2026	11,000	11	11
Trillium Windpower LP 5.803% 02-15-2033	36,431	36	43
Trulieve Cannabis Corp. 8.00% 10-06-2026	13,000	16	17
Ventas Canada Finance Ltd. 2.45% 01-04-2027	28,000	28	28
Ventas Canada Finance Ltd. 2.55% 03-15-2023	110,000	110	111
Ventas Canada Finance Ltd. 2.80% 04-12-2024	70,000	70	71
Ventas Canada Finance Ltd. 3.30% 12-01-2031	30,000	30	31
Videotron Ltd. 4.50% 01-15-2030	100,000	100	103
Videotron Ltd. 5.75% 01-15-2026	10,000	10	10
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	51,000	51	50

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Waste Management of Canada Corp. 2.60% 09-23-2026	100,000	100	103
WSP Global Inc. 2.408% 04-19-2028	64,000	64	64
Total Corporate - Non-convertible		15,529	15,738
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	5,000	6	6
Total Corporate - Convertible		6	6
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	20,000	8	8
Creation Technologies Inc. Term Loan B 1st Lien 09-24-2028	29,000	36	37
GFL Environmental Inc. Term Loan B 1st Lien 05-31-2025	5,985	7	8
Scotia Capital Inc. 0.89% 09-01-2026	26,000	25	25
Scotia Capital Inc. 1.25% 03-01-2025	70,000	57	56
Total Mortgage Backed		133	134
Total Canadian Bonds		27,977	28,565
United States Bonds			
Federal Government			
United States Treasury Inflation Index 0.125% 01-15-2030	110,000	163	166
United States Treasury Inflation Index 0.25% 02-15-2050	173,000	264	285
United States Treasury Inflation Index 0.75% 07-15-2028	270,000	380	431
Total Federal Government		807	882
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	76,000	94	92
American Tower Corp. REIT 1.875% 10-15-2030	30,000	40	36
Ashton Woods USA LLC/Ashton Woods Finance Co. 4.625% 04-01-2030 144A	3,000	4	4
AT&T Inc. 2.25% 02-01-2032	50,000	67	61
AT&T Inc. Floating Rate 03-25-2024	17,000	21	22
Athene Global Funding 2.10% 09-24-2025	50,000	50	50
Athene Global Funding Floating Rate 04-09-2024	75,000	75	75

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Bank of America Corp. 1.978% 09-15-2027	38,000	38	38
Bank of America Corp. 2.598% 04-04-2029	42,000	42	42
Bank of America Corp. 3.407% 09-20-2025	76,000	76	79
Bank of America Corp. Floating Rate 09-15-2027	42,000	42	42
BCPE Cycle Merger Sub II Inc. 10.625% 07-15-2027 144A	10,000	13	13
BWAY Holding Co. 7.25% 04-15-2025 144A	20,000	27	25
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2026 144A	10,000	13	13
CCO Holdings LLC 4.50% 05-01-2032	40,000	50	52
Charter Communications Operating LLC 2.80% 04-01-2031	20,000	28	25
Charter Communications Operating LLC 4.50% 02-01-2024	60,000	80	81
Charter Communications Operating LLC 5.05% 03-03-2029	110,000	151	160
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 2.30% 02-01-2032	30,000	39	36
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 3.50% 06-01-2041	20,000	25	25
Chevron Corp. 1.995% 05-11-2027	10,000	14	13
ConocoPhillips 2.40% 02-15-2031 144A	25,000	31	32
Costco Wholesale Corp. 1.375% 06-20-2027	70,000	98	88
DIRECTV Holdings LLC/DIRECTV Financing Co. 5.875% 08-15-2027	6,000	8	8
Exxon Mobil Corp. 2.61% 10-15-2030	40,000	56	53
Exxon Mobil Corp. 2.992% 03-19-2025	10,000	15	13
Ford Motor Co. 3.25% 02-12-2032	103,000	130	134
Foxtrot Escrow Issuer LLC/Foxtrot Escrow Corp. 12.25% 11-15-2026 144A	24,000	31	34
FXI Holdings Inc. 7.875% 11-01-2024 144A	30,000	38	39
Goldman Sachs Group Inc. Floating Rate 04-29-2025	94,000	94	94
Gray Escrow II Inc. 5.375% 11-15-2031 144A	26,000	32	34
HCA Inc. 3.50% 09-01-2030	17,000	23	23
JPMorgan Chase & Co. 1.896% 03-05-2028	75,000	75	74
LABL Escrow Issuer LLC 10.50% 07-15-2027 144A	17,000	23	23
LABL Escrow Issuer LLC 6.75% 07-15-2026 144A	12,000	16	16
Mastercard Inc. 1.90% 03-15-2031	15,000	19	19
Mav Acquisition Corp. 5.75% 08-01-2028	15,000	19	19
McDonald's Corp. 3.125% 03-04-2025	120,000	120	125
MEG Energy Corp. 7.125% 02-01-2027 144A	10,000	13	13
Morgan Stanley 3.00% 02-07-2024	100,000	101	103
Mozart Debt Merger Sub Inc. 3.875% 04-01-2029 144A	32,000	41	40
Mozart Debt Merger Sub Inc. 5.25% 10-01-2029 144A	19,000	24	24
Nestle Holdings Inc. 2.192% 01-26-2029	34,000	34	34

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Nexstar Escrow Inc. 5.625% 07-15-2027 144A	11,000	15	15
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	20,000	24	25
NextEra Energy Capital Holdings Inc. 2.25% 06-01-2030	60,000	84	76
Omega Healthcare Investors Inc. 4.50% 01-15-2025	30,000	39	41
PayPal Holdings Inc. 1.35% 06-01-2023	20,000	28	26
PayPal Holdings Inc. 2.30% 06-01-2030	20,000	28	26
PayPal Holdings Inc. 2.40% 10-01-2024	50,000	66	65
PayPal Holdings Inc. 2.65% 10-01-2026	50,000	66	67
Pearl Merger Sub Inc. 6.75% 10-01-2028 144A	20,000	25	26
QVC Inc. 4.375% 09-01-2028	13,000	17	16
S&P Global Inc. 1.25% 08-15-2030	20,000	27	24
Silgan Holdings Inc. 4.125% 02-01-2028	10,000	13	13
Sinclair Television Group Inc. 5.125% 02-15-2027 144A	10,000	12	12
Target Corp. 2.25% 04-15-2025	20,000	28	26
Tenet Healthcare Corp. 4.25% 06-01-2029 144A	20,000	24	26
Tenet Healthcare Corp. 4.375% 01-15-2030 144A	5,000	6	6
Tenet Healthcare Corp. 6.75% 06-15-2023	30,000	38	41
The Clorox Co. 1.80% 05-15-2030	30,000	42	37
The Estee Lauder Companies Inc. 1.95% 03-15-2031	25,000	31	31
The Goldman Sachs Group Inc. 2.013% 02-28-2028	76,000	76	74
The Goldman Sachs Group Inc. 2.599% 11-30-2027	63,000	63	64
The Goldman Sachs Group Inc. 3.307% 10-31-2025	70,000	76	73
The Walt Disney Co. 3.057% 03-30-2027	310,000	328	322
T-Mobile USA Inc. 1.50% 02-15-2026	10,000	12	13
T-Mobile USA Inc. 2.25% 11-15-2031	10,000	12	12
T-Mobile USA Inc. 2.55% 02-15-2031	20,000	24	25
T-Mobile USA Inc. 3.50% 04-15-2025	20,000	24	27
T-Mobile USA Inc. 3.75% 04-15-2027	100,000	121	137
Uber Technologies Inc. 4.50% 08-15-2029 144A	10,000	13	13
Uber Technologies Inc. 8.00% 11-01-2026 144A	38,000	50	51
Univision Communications Inc. 4.50% 05-01-2029 144A	7,000	8	9
Ventas Realty LP 4.00% 03-01-2028	40,000	50	56
Verizon Communications Inc. 1.75% 01-20-2031	60,000	78	72
Verizon Communications Inc. 2.375% 03-22-2028	98,000	98	98
Verizon Communications Inc. 2.50% 05-16-2030	80,000	82	79
Verizon Communications Inc. 2.55% 03-21-2031	26,000	32	33
Verizon Communications Inc. 3.55% 03-22-2051	7,000	9	10

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Verizon Communications Inc. Floating Rate 03-20-2026	18,000	23	23
Walgreens Boots Alliance Inc. 3.20% 04-15-2030	30,000	42	40
Wells Fargo & Co. 2.493% 02-18-2027	130,000	131	131
Wells Fargo & Co. 2.975% 05-19-2026	132,000	135	137
Wells Fargo & Co. 3.90% 03-15-2026	4,000	5	5
Welltower Inc. 4.125% 03-15-2029	50,000	66	71
Welltower Inc. 4.25% 04-15-2028	40,000	52	57
Total Corporate - Non-convertible		4,253	4,257
Mortgage Backed			
A&V Holdings Midco LLC Term Loan 1st Lien 02-28-2027	18,734	22	24
ABG Intermediate Holdings 2 LLC Term Loan 1st Lien 09-29-2024	38,197	49	48
ADS Tactical Inc. Term Loan 1st Lien 03-04-2028	29,250	36	37
Adtalem Global Education Inc. Term Loan B 1st Lien 02-12-2028	70,000	86	89
Advantage Sales & Marketing Inc. Term Loan B 1st Lien 10-28-2027	19,850	26	25
Aegis Toxicology Science Corp. Term Loan B 1st Lien 05-09-2025	7,212	9	9
Alcami Carolinas Corp. Term Loan 1st Lien 07-06-2025	19,400	25	23
Alchemy US Holdco 1 LLC Term Loan B 1st Lien 10-01-2025	16,493	21	21
Alpine US Bidco LLC Term Loan 1st Lien 04-13-2021	18,953	23	24
Amentum Government Services Holdings LLC Term Loan B 1st Lien 01-31-2027	29,850	39	38
AP Core Holdings II LLC Term Loan 1st Lien 07-21-2027	29,000	36	37
APFS Staffing Holdings Inc. Term Loan 1st Lien 04-10-2026	13,421	18	17
APM Global Holdings Pty Ltd. Term Loan 1st Lien 06-30-2026	12,643	15	16
Arc Falcon I Inc. Term Loan 1st Lien 09-22-2028	27,051	34	34
Arc Falcon I Inc. Term Loan Delayed Draw 1st Lien 09-22-2028	3,949	5	5
Ascend Performance Materials Operations Term Loan B 1st Lien 08-16-2026	29,403	38	37
Ascend Wellness Holdings Inc. Term Loan 1st Lien 08-27-2025	18,000	23	23
Astra Acquisition Corp. Term Loan B 1st Lien 10-22-2028	27,000	32	34
Ball Metalpack Finco Term Loan B 1st Lien 07-26-2025	19,350	25	25
Castle US Holding Corp. Term Loan B 1st Lien 01-31-2027	22,904	28	29
CCS-CMGC Holdings Inc. Term Loan 1st Lien 09-25-2025	9,725	12	12
Citadel Securities LP Term Loan B 1st Lien 02-27-2028	197,513	253	248
Cowen Inc. Term Loan B 1st Lien 03-12-2028	29,775	37	38
Crown Subsea Communications Holding Inc. Term Loan 1st Lien 04-20-2027	16,027	20	20
DEI Sales Inc. Term Loan B 1st Lien 04-23-2028	20,869	26	27
DIRECTV Financing LLC Term Loan 1st Lien 07-22-2027	42,000	52	53

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United States Bonds (continued)			
Mortgage Backed (continued)			
Domtar Corp. Term Loan B 1st Lien 10-01-2028	12,194	15	15
Domtar Corp. Term Loan B Delayed Draw 1st Lien 10-01-2028	5,806	7	7
Dotdash Meredith Inc. Term Loan B 1st Lien 11-23-2028	35,000	44	44
Flynn America LP Term Loan B 1st Lien 07-23-2028	24,000	29	29
Frontier Communications Corp. Term Loan DIP B 1st Lien 10-08-2027	19,900	25	25
Gannett Holdings LLC Term Loan B 1st Lien 02-08-2026	18,338	23	24
Garret LX I Sarl Term Loan B 1st Lien 03-05-2028 (EUR shares)	20,000	30	29
Garret LX I Sarl Term Loan B 1st Lien 03-05-2028 (USD shares)	20,000	25	25
Gateway Merger Sub 2021 Inc. Term Loan 1st Lien 06-25-2028	26,000	32	33
Grab Holdings Inc. Term Loan B 1st Lien 01-29-2026	29,850	37	38
Gray Television Inc. Term Loan D 1st Lien 10-27-2028	97,000	119	122
Heritage Power LLC Term Loan B 1st Lien 07-08-2026	28,996	37	30
Hudson River Trading LLC Term Loan B 1st Lien 02-18-2027	29,850	38	38
INEOS Enterprises Holdings US Finco LLC Term Loan B 1st Lien 07-29-2026	16,108	21	20
INEOS US Petrochem LLC Term Loan B 1st Lien 01-21-2026	19,950	25	25
Ingram Micro Inc. Term Loan B 1st Lien 04-01-2028	29,925	37	38
Integro Insurance Brokers Ltd. Term Loan B 1st Lien 10-09-2022	32,153	40	39
Intermediate Dutch Term Loan B 1st Lien 02-05-2028	19,900	25	25
ION Trading Finance Ltd. Term Loan B 1st Lien 03-26-2028	19,950	25	25
Isagenix International LLC Term Loan B 1st Lien 04-26-2025	29,716	31	28
Jadex Inc. Term Loan 1st Lien 02-12-2028	29,552	37	37
Jane Street Group LLC Term Loan B 1st Lien 01-21-2027	19,850	25	25
Jazz Financing Lux Sarl Term Loan B 1st Lien 04-22-2028	45,885	57	58
Journey Personal Care Corp. Term Loan 1st Lien 02-19-2028	19,950	25	25
Keane Group Holdings LLC Term Loan B 1st Lien 05-18-2025	19,350	25	24
Knight Health Holdings LLC Term Loan B 1st Lien 12-17-2028	23,000	28	27
Kronos Acquisition Holdings Inc. Term Loan B 1st Lien 12-22-2026	19,850	25	24
LABL Inc. Term Loan B 1st Lien 10-22-2028	16,000	19	20
LogMeln Inc. Term Loan B 1st Lien 08-14-2027	29,775	38	38
LTR Intermediate Holdings Inc. Term Loan B 1st Lien 04-23-2028	22,000	27	28
Magenta Buyer LLC Term Loan 1st Lien 05-03-2028	38,903	48	49
Mav Acquisition Corp. Term Loan B 1st Lien 07-21-2028	32,000	40	40
McKissock Investment Holdings LLC Term Loan B 1st Lien 06-17-2028	17,955	22	22
Mozart Borrower LP Term Loan B 1st Lien 09-30-2028	37,000	47	47
Murphy USA Inc. Term Loan B 1st Lien 01-29-2028	19,900	25	25
New Frontera Holdings LLC Term Loan 1st Lien 07-28-2026	1,894	2	3
New Frontera Holdings LLC Term Loan 2nd Lien 07-28-2028	1,825	1	1

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United States Bonds (continued)			
Mortgage Backed (continued)			
OneDigital Borrower LLC Term Loan B 1st Lien 10-30-2027	29,855	36	38
Organon & Co. Term Loan B 1st Lien 04-08-2028	38,567	48	49
Osmosis Debt Merger Sub Inc. Term Loan B 1st Lien 06-17-2028	16,889	21	21
Osmosis Debt Merger Sub Inc. Term Loan Delayed Draw 1st Lien 06-17-2028	2,111	3	3
Plaze Inc. Term Loan B 1st Lien 08-03-2026	19,800	25	25
Pluto Acquisition I Inc. Term Loan B 1st Lien 06-20-2026	21,945	27	28
Project Sky Merger Sub Inc. Term Loan B 1st Lien 08-10-2028	28,000	35	35
RH Term Loan B 1st Lien 10-15-2028	131,000	161	165
Signal Parent Inc. Term Loan B 1st Lien 04-01-2028	19,950	25	25
SIRVA Worldwide Inc. Term Loan 1st Lien 08-02-2025	11,175	14	13
Sorenson Communications LLC Term Loan B 1st Lien 03-12-2026	18,419	23	23
Spa US HoldCo Inc. Term Loan B 1st Lien 03-12-2028	19,900	25	25
Specialty Pharma III Inc. Term Loan 1st Lien 02-24-2028	20,000	25	25
SS&C Technologies Holdings Inc. Term Loan B5 1st Lien 04-16-2025	9,552	12	12
Stitch Acquisition Corp. Term Loan B 1st Lien 07-27-2028	21,000	24	25
Sunset Debt Merger Sub Inc. Term Loan B 1st Lien 09-17-2028	44,000	56	55
Sycamore Buyer LLC Term Loan B 1st Lien 09-24-2028	36,000	45	45
Sylvamo Corp. Term Loan B 1st Lien 08-20-2028	18,156	23	23
Terrier Media Buyer Term Loan B 1st Lien 12-17-2026	65,477	83	83
The Cook & Boardman Group LLC Term Loan 1st Lien 10-12-2025	9,700	13	12
Titan Sub LLC Term Loan B 1st Lien 09-19-2026	19,650	26	25
Tory Burch LLC Term Loan B 1st Lien 04-15-2028	31,920	40	40
Triton Water Holdings Inc. Term Loan B 1st Lien 03-31-2028	19,950	25	25
Ultra Clean Holdings Inc. Term Loan 1st Lien 08-27-2025	38,783	49	49
Univision Communications Inc. Term Loan B 1st Lien 05-07-2028	42,000	50	53
Veregy Term Loan 1st Lien 11-03-2027	19,850	25	25
VeriFone Systems Inc. Term Loan 1st Lien 08-10-2025	19,400	25	24
Vertex Aerospace Services Corp. Term Loan B 1st Lien 10-27-2028	16,000	20	20
WildBrain Ltd. Term Loan B 1st Lien 03-18-2028	29,850	37	38
WireCo WorldGroup Inc. Term Loan B 1st Lien 10-29-2028	19,000	23	24
Xperi Holding Corp. Term Loan B 1st Lien 06-01-2025	16,085	20	20
Zotec Partners LLC Term Loan B 1st Lien 02-09-2024	7,101	9	9
Total Mortgage Backed		3,219	3,227
Total United States Bonds		8,279	8,366

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Global Bonds			
Australia			
Sydney Airport Finance Co. Pty Ltd. 3.625% 04-28-2026 144A	120,000	153	161
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	140,000	142	155
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	24,000	30	29
Bahamas			
Commonwealth of Bahamas 5.75% 01-16-2024	20,000	27	24
Commonwealth of Bahamas 6.95% 11-20-2029	10,000	15	11
Ireland			
ION Trading Finance Ltd. Term Loan B 1st Lien 04-01-2028	19,950	30	29
Japan			
Toyota Motor Corp. 1.339% 03-25-2026	18,000	23	23
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	47,000	47	47
Heathrow Funding Ltd. 3.25% 05-21-2025	110,000	113	114
Heathrow Funding Ltd. 3.40% 03-08-2028	90,000	90	93
Heathrow Funding Ltd. 3.726% 04-13-2033	84,000	85	87
Heathrow Funding Ltd. 3.782% 09-04-2032	80,000	80	85
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	50,000	50	53
LSF10 XL Bidco SCA Term Loan B 1st Lien 03-30-2028	20,000	29	29
Luxembourg Investment Co. 428 SARL Term Loan B 1st Lien 10-22-2028	31,000	38	39
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032 144A	12,000	15	15
Teva Pharmaceuticals NE 2.80% 07-21-2023	12,000	14	15
United Kingdom			
BP Capital Markets PLC 3.47% 05-15-2025	80,000	80	84
Connect Finco SARL/Connect U.S. Finco LLC 6.75% 10-01-2026 144A	10,000	13	13
INEOS 226 Ltd. Term Loan B 1st Lien 01-21-2026	20,000	31	29
National Grid Electricity Transmission PLC 2.301% 06-22-2029	49,000	49	49

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Global Bonds (continued)			
Venezuela			
Petroleos de Venezuela SA 6.00% 05-16-2024	34,000	11	2
Total Global Bonds		1,165	1,186
Total Bonds		37,421	38,117
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	57,751	1,859	1,649
TELUS Corp.	142,270	3,392	4,238
Consumer Discretionary			
Dollarama Inc.	105,467	4,816	6,676
Restaurant Brands International Inc.	46,177	3,729	3,542
Consumer Staples			
Alimentation Couche-Tard Inc.	109,399	4,029	5,798
Metro Inc.	27,796	1,585	1,871
Premium Brands Holdings Corp.	24,374	2,211	3,082
Energy			
Pembina Pipeline Corp.	60,894	2,379	2,337
Source Energy Services Ltd.	5,421	8	9
Suncor Energy Inc.	57,786	1,301	1,829
Financials			
Brookfield Asset Management Inc.	87,247	2,889	6,665
Intact Financial Corp.	31,786	4,542	5,226
Manulife Financial Corp.	97,395	2,132	2,348
Onex Corp. sub. voting	26,728	2,135	2,654
Royal Bank of Canada	41,645	3,905	5,591
The Bank of Nova Scotia	47,402	3,162	4,245
The Toronto-Dominion Bank	45,214	2,731	4,385
Industrials			
Canadian National Railway Co.	15,593	2,285	2,423
Canadian Pacific Railway Ltd.	28,800	2,725	2,620

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Canadian Common Stock (continued)			
Industrials (continued)			
Waste Connections Inc.	17,619	2,180	3,038
Information Technology			
CGI Group Inc. Class A sub. voting	27,481	2,452	3,074
Constellation Software Inc.	558	743	1,310
Open Text Corp.	44,261	2,413	2,657
Materials			
CCL Industries Inc. Class B non-voting	31,515	1,712	2,138
Franco-Nevada Corp. [CAD]	16,297	2,745	2,851
Utilities			
Emera Inc.	62,226	3,154	3,934
Fortis Inc.	46,484	2,530	2,837
Total Canadian Common Stock		69,744	89,027
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	324	5	7
BCE Inc. 3.61% Preferred	566	9	12
BCE Inc. 4.13% Preferred	86	2	2
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	123	3	3
Energy			
AltaGas Ltd. 5.00% Preferred	3,230	81	81
TC Energy Corp. 4.90% Preferred	5,457	137	140
TransAlta Corp. 4.027% Preferred	100	2	2
Financials			
Brookfield Asset Management Inc. 4.75% Preferred	1,326	33	34
Brookfield Asset Management Inc. Preferred Conv. Series 46	305	8	8
Utilities			
Emera Inc. 4.25% Preferred	124	3	3

Growth & Income Fund 2.27MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Canadian Preferred Stock (continued)			
Utilities (continued)			
Emera Inc. 4.60% Preferred	340	9	9
TransAlta Corp. 2.709% Preferred	5,436	71	87
Total Canadian Preferred Stock		363	388
United States Common Stock			
Communication Services			
Alphabet Inc. Class C	1,048	1,878	3,836
Consumer Discretionary			
The TJX Companies Inc.	14,387	1,071	1,382
Consumer Staples			
The Procter & Gamble Co.	9,214	1,435	1,907
Energy			
The Williams Companies Inc.	58,223	1,725	1,918
Exchange Traded Funds			
SPDR Gold Shares	6,900	1,521	1,492
Health Care			
Abbott Laboratories	7,538	892	1,342
Becton, Dickinson and Co.	6,561	2,156	2,087
Johnson & Johnson Inc.	15,103	2,518	3,268
Industrials			
Fortive Corp.	17,713	1,565	1,709
Information Technology			
Microsoft Corp.	8,838	2,144	3,760
Visa Inc. Class A	10,672	2,775	2,926
Utilities			
American Electric Power Co. Inc.	25,601	2,812	2,882
Total United States Common Stock		22,492	28,509

Growth & Income Fund 2.27MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Series 11 Preferred	3,308	83	84
Brookfield Renewable Partners LP 5.00% Series 13 Preferred	259	6	7
Cayman Islands			
Alibaba Group Holding Ltd.	55,843	2,363	1,077
Germany			
SAP SE	6,834	1,155	1,234
Japan			
Seven & i Holdings Co. Ltd. ADR	41,041	940	1,140
Switzerland			
Roche Holding AG Genusscheine	3,332	1,563	1,745
United Kingdom			
Compass Group PLC	85,915	2,229	2,428
Reckitt Benckiser Group PLC	13,011	1,331	1,412
Total Global Common Stock		9,670	9,127
Total Stocks		102,269	127,051

Growth & Income Fund 2.27MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Purchased Currency				Sold Currency		
Contract Price	Settlement Date	Currency	Value as at December 31	Currency	Value as at December 31	Unrealized Gain (Loss)
1.4528	January 21, 2022	Canadian Dollar	42	Euro	42	-
0.8060	February 18, 2022	United States Dollar	531	Canadian Dollar	521	10
0.8092	February 18, 2022	United States Dollar	393	Canadian Dollar	384	9
Derivatives - Assets						19
1.2597	January 14, 2022	Canadian Dollar	382	United States Dollar	384	(1)
1.2598	January 14, 2022	Canadian Dollar	762	United States Dollar	765	(2)
1.4390	January 21, 2022	Canadian Dollar	41	Euro	41	-
1.2546	January 28, 2022	Canadian Dollar	358	United States Dollar	361	(2)
1.2548	January 28, 2022	Canadian Dollar	1,710	United States Dollar	1,721	(11)
1.2328	February 11, 2022	Canadian Dollar	2,869	United States Dollar	2,928	(59)
1.4329	February 18, 2022	Canadian Dollar	83	Euro	83	-
1.2569	February 18, 2022	Canadian Dollar	779	United States Dollar	783	(4)
1.2355	February 18, 2022	Canadian Dollar	1,203	United States Dollar	1,226	(23)
1.2450	March 11, 2022	Canadian Dollar	1,694	United States Dollar	1,716	(22)
1.2586	March 18, 2022	Canadian Dollar	80	United States Dollar	80	-
1.2587	March 18, 2022	Canadian Dollar	303	United States Dollar	304	(1)
Derivatives - Liabilities						(125)
Total Forward Currency Contracts						(106)

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(6)	CAD 193.16	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 1,183	CAD 197.13	(12)
Derivatives - Liabilities						(12)
Total Futures Contracts						(12)

Total Derivative Instruments at Fair Value (118)

Transaction Costs (see notes to financial statements (note 2)) (60)

Total Investments 139,630 165,050

Growth & Income Fund 2.27MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Growth & Income Fund 2.27MF (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Growth & Income Fund 2.27MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 29,642	\$ (4)	\$ 29,638	\$ 296
United Kingdom Pound Sterling	3,840	—	3,840	38
Other Currencies	4,057	—	4,057	41
Total	\$ 37,539	\$ (4)	\$ 37,535	\$ 375
As Percent of Net Assets Attributable to Contractholders				22.5%
				0.2%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 27,890	\$ 56	\$ 27,946	\$ 280
Other Currencies	6,333	—	6,333	63
Total	\$ 34,223	\$ 56	\$ 34,279	\$ 343
As Percent of Net Assets Attributable to Contractholders				21.4%
				0.2%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 39	\$ 10,573	\$ 16,419	\$ 11,086	\$ 38,117

2020

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 28	\$ 9,319	\$ 17,160	\$ 9,507	\$ 36,014

Growth & Income Fund 2.27MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$3,085 (\$3,028 at December 31, 2020) or approximately 1.9% (1.9% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 10)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	10.3	2.4	10.5	2.4
AA	17.9	4.1	16.8	3.8
A	24.6	5.6	31.9	7.2
BBB	32.4	7.4	31.0	7.0
BB and lower	14.0	3.2	9.6	2.2
NR *	0.8	0.2	0.2	0.1
Total	100.0	22.9	100.0	22.7

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

Growth & Income Fund 2.27MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Other Price Risk (continued)

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$1,271 (\$1,232 at December 31, 2020) or approximately 0.8% (0.8% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 38,088	\$ 29	\$ 38,117
Stocks	124,072	2,979	—	127,051
Derivatives	—	19	—	19
Total assets measured at fair value	\$ 124,072	\$ 41,086	\$ 29	\$ 165,187
<u>Liabilities measured at fair value</u>				
Derivatives ⁽¹⁾	\$ 12	\$ 125	\$ —	\$ 137
Net assets attributable to contractholders measured at fair value	\$ 124,060	\$ 40,961	\$ 29	\$ 165,050

⁽¹⁾ Excludes collateral pledged to counterparties of \$111.

2020				
Assets and Liabilities Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 36,014	\$ —	\$ 36,014
Stocks	116,693	6,472	—	123,165
Derivatives	—	595	—	595
Total assets measured at fair value	\$ 116,693	\$ 43,081	\$ —	\$ 159,774
<u>Liabilities measured at fair value</u>				
Derivatives	\$ —	\$ 20	\$ —	\$ 20
Net assets attributable to contractholders measured at fair value	\$ 116,693	\$ 43,061	\$ —	\$ 159,754

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Growth & Income Fund 2.27MF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification (continued)

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021	2020
	Bonds	Bonds
Balance, beginning of year	\$ —	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	—	—
Purchases	23	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	6	—
Transfers out of Level 3	—	—
Balance, end of year	\$ 29	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

Growth & Income Fund 2.27MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	99,215	106,686	114,828	121,385	129,676	47,497	43,386	46,282	42,201	47,059
Individual	1,133,088	1,307,636	1,558,343	1,823,880	2,257,417	31,134	31,337	38,005	39,394	52,268
75/75 guarantee policy	389,794	453,552	533,337	578,738	671,581	8,093	8,210	9,820	9,433	11,729
75/100 guarantee policy	2,252,054	2,637,962	3,192,957	3,207,026	3,379,463	46,467	47,472	58,473	52,015	58,758
100/100 guarantee policy	69,208	92,486	110,026	132,393	132,858	1,401	1,636	1,984	2,118	2,282
PS1 75/75 guarantee policy	217,894	196,679	312,299	278,846	265,090	4,086	3,204	5,157	4,062	4,124
PS1 75/100 guarantee policy	1,196,210	1,295,544	1,538,662	1,597,319	1,672,024	22,069	20,801	25,085	23,013	25,764
PS1 100/100 guarantee policy	75,690	70,927	74,451	76,255	77,167	1,367	1,117	1,193	1,083	1,174
PS2 75/75 guarantee policy	16,441	14,685	29,609	64,225	64,146	384	292	582	1,089	1,135
PS2 75/100 guarantee policy	81,193	57,180	61,876	104,786	87,683	1,898	1,135	1,217	1,777	1,551
PS 75/75 guarantee policy	25	26	26	—	—	—	—	—	—	—
PS 75/100 guarantee policy	121,340	94,066	352,741	13,769	—	1,497	1,001	3,778	129	—
PS 100/100 guarantee policy	1,374	1,388	—	—	—	17	15	—	—	—
PPS 75/75 guarantee policy	4,792	5,537	6,217	—	—	60	60	67	—	—
PPS 75/100 guarantee policy	44,574	42,104	130,881	12,453	—	554	451	1,406	117	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	478.73	406.67	403.05	347.66	362.90	72.06	3.62
Individual	27.48	23.96	24.39	21.60	23.15	3.52	(0.43)
75/75 guarantee policy	20.76	18.10	18.41	16.30	17.46	2.66	(0.31)
75/100 guarantee policy	20.63	18.00	18.31	16.22	17.39	2.63	(0.31)
100/100 guarantee policy	20.25	17.69	18.03	16.00	17.18	2.56	(0.34)
PS1 75/75 guarantee policy	18.75	16.29	16.51	14.57	15.56	2.46	(0.22)
PS1 75/100 guarantee policy	18.45	16.06	16.30	14.41	15.41	2.39	(0.24)
PS1 100/100 guarantee policy	18.06	15.75	16.03	14.19	15.22	2.31	(0.28)
PS2 75/75 guarantee policy	23.38	19.85	19.67	16.96	17.69	3.53	0.18
PS2 75/100 guarantee policy	23.38	19.85	19.67	16.96	17.69	3.53	0.18
PS 75/75 guarantee policy	12.36	10.66	10.74	—	—	1.70	(0.08)
PS 75/100 guarantee policy	12.34	10.64	10.71	9.38	—	1.70	(0.07)
PS 100/100 guarantee policy	12.27	10.60	—	—	—	1.67	(0.08)
PPS 75/75 guarantee policy	12.51	10.75	10.77	—	—	1.76	(0.02)
PPS 75/100 guarantee policy	12.43	10.70	10.75	9.39	—	1.73	(0.05)

Growth & Income Fund 2.27MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Growth & Income Fund 2.27MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Growth & Income Fund 2.27MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Growth & Income Fund 2.27MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Growth & Income Fund 2.27MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Growth & Income Fund 2.27MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Growth & Income Fund 2.27MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Growth & Income Fund 2.27MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Growth & Income Fund 2.27MF

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Growth & Income Fund 2.27MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. COMMITMENTS

The Fund enters into certain agreements that provide borrowers with a short-term loan to meet any immediate obligation until longer term financing can be made. If the borrower chooses not to borrow on this agreement then the Fund is compensated with a commitment fee. The loan arrangement and related fees earned on these agreements were not significant during 2021 or 2020.

Growth & Income Fund 2.27MF

Notes to the Financial Statements

(in Canadian \$ thousands)

10. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Growth & Income Fund 2.27MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.68	2.68	2.69	2.70	2.70
75/75 guarantee policy	2.63	2.64	2.64	2.65	2.64
75/100 guarantee policy	2.68	2.68	2.69	2.70	2.70
100/100 guarantee policy	2.84	2.85	2.85	2.87	2.85
PS1 75/75 guarantee policy	2.28	2.29	2.29	2.31	2.30
PS1 75/100 guarantee policy	2.45	2.46	2.46	2.47	2.46
PS1 100/100 guarantee policy	2.67	2.68	2.69	2.70	2.69
PS 75/75 guarantee policy	1.52	1.52	1.52	—	—
PS 75/100 guarantee policy	1.56	1.57	1.56	1.56	—
PS 100/100 guarantee policy	1.72	1.71	—	—	—
PPS 75/75 guarantee policy	1.17	1.17	1.17	—	—
PPS 75/100 guarantee policy	1.34	1.34	1.34	1.34	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	35.93	78.30	53.47	75.51	67.45

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
FOREIGN EQUITY FUND 3.02MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Foreign Equity Fund 3.02MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Foreign Equity Fund 3.02MF

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ 76
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	557
Due from brokers	818	192
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	961,704	848,890
Total investments	961,704	848,890
Total assets	\$ 962,522	\$ 849,715
Liabilities		
Overdrafts	\$ 922	\$ —
Due to The Canada Life Assurance Company (note 8)	53	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	975	—
Net assets attributable to contractholders	\$ 961,547	\$ 849,715

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 95,752	\$ 108,667
Miscellaneous income (loss)	—	—
Total income	95,752	108,667
Expenses		
Management fees (note 8)	5,866	5,657
Other	636	622
Total expenses	6,502	6,279
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 89,250	\$ 102,388

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 849,715	\$ 747,141
Contractholder deposits	186,428	175,910
Contractholder withdrawals	(163,846)	(175,724)
Increase (decrease) in net assets from operations attributable to contractholders	89,250	102,388
Change in net assets attributable to contractholders	111,832	102,574
Net assets attributable to contractholders - end of year	\$ 961,547	\$ 849,715

Foreign Equity Fund 3.02MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 89,250	\$ 102,388
Adjustments		
Realized (gains) losses	(17,786)	(20,088)
Unrealized (gains) losses	14,921	(12,379)
Gross proceeds of disposition of investments	898,216	92,340
Gross payments for the purchase of investments	(915,278)	(85,734)
Distribution income of underlying mutual fund	(92,887)	(76,200)
Change in due from/to The Canada Life Assurance Company	610	(547)
Change in due from/to brokers	(626)	(62)
	(23,580)	(282)
Financing Activities		
Contractholder deposits	186,428	175,910
Contractholder withdrawals	(163,846)	(175,724)
	22,582	186
Net increase (decrease) in cash, short-term deposits and overdrafts	(998)	(96)
Cash, short-term deposits and overdrafts, beginning of year	76	172
Cash, short-term deposits and overdrafts, end of year	\$ (922)	\$ 76

Foreign Equity Fund 3.02MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Foreign Equity Fund Series S *	44,056,688	818,626	961,704
Total Investments		818,626	961,704

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	9.51%
Reckitt Benckiser Group PLC	3.43%
The Procter & Gamble Co.	3.25%
Admiral Group PLC	3.20%
Danaher Corp.	3.04%
Microsoft Corp.	2.76%
Compass Group PLC	2.71%
The TJX Companies Inc.	2.70%
Johnson & Johnson Inc.	2.70%
Brookfield Asset Management Inc.	2.59%
Koninklijke Philips NV	2.55%
Seven & I Holdings Co. Ltd.	2.51%
Alphabet Inc. Class A	2.46%
SPDR Gold Shares	2.44%
RELX PLC	2.39%
Comcast Corp. Class A	2.30%
Visa Inc. Class A	2.29%
Amcor PLC	2.18%
Amphenol Corp. Class A	2.16%
Roche Holding AG Genusscheine	2.08%
Becton, Dickinson and Co.	2.08%
SAP SE	1.99%
Colgate Palmolive Co.	1.98%
Nestle SA	1.96%
Accenture PLC Class A	1.79%

*The issuer of this security is a related company to the issuer of the Fund.

Foreign Equity Fund 3.02MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	2,591,269	2,749,428	2,823,446	2,915,339	2,811,601	127,486	122,582	108,588	102,188	93,360
Individual	681,602	839,632	1,098,862	1,395,471	1,692,615	18,413	21,188	24,657	29,418	34,853
75/75 guarantee policy	700,339	825,645	909,272	988,048	1,021,457	18,020	19,811	19,368	19,740	19,899
75/100 guarantee policy	2,359,318	2,808,702	3,176,511	3,545,319	3,844,095	59,430	66,087	66,459	69,689	73,806
100/100 guarantee policy	47,252	59,820	85,453	113,156	119,465	1,117	1,328	1,696	2,121	2,199
PS1 75/75 guarantee policy	417,934	448,316	494,883	560,871	522,044	9,740	9,704	9,468	10,021	9,055
PS1 75/100 guarantee policy	2,252,774	2,404,085	2,690,273	2,904,264	2,935,336	50,830	50,552	50,166	50,744	49,960
PS1 100/100 guarantee policy	34,366	37,686	47,074	48,653	56,905	743	762	848	825	945
PS2 75/75 guarantee policy	208,897	237,019	273,310	319,843	330,864	6,200	6,370	6,332	6,749	6,609
PS2 75/100 guarantee policy	491,803	624,055	684,993	796,374	834,817	14,598	16,773	15,870	16,804	16,676
PS2 100/100 guarantee policy	11,878	15,315	15,727	16,148	24,941	353	412	364	341	498
PS 75/75 guarantee policy	14,831	18,473	13,807	6,536	—	199	229	150	66	—
PS 75/100 guarantee policy	81,504	92,833	93,065	25,014	—	1,088	1,145	1,009	252	—
PPS 75/75 guarantee policy	22,480	35,813	28,762	13,557	—	306	448	315	137	—
PPS 75/100 guarantee policy	13,956	23,563	19,810	15,339	—	188	293	216	155	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	49.20	44.58	38.46	35.05	33.21	4.62	6.12
Individual	27.02	25.23	22.44	21.08	20.59	1.79	2.79
75/75 guarantee policy	25.73	23.99	21.30	19.98	19.48	1.74	2.69
75/100 guarantee policy	25.19	23.53	20.92	19.66	19.20	1.66	2.61
100/100 guarantee policy	23.65	22.20	19.85	18.74	18.41	1.45	2.35
PS1 75/75 guarantee policy	23.30	21.65	19.13	17.87	17.35	1.65	2.52
PS1 75/100 guarantee policy	22.56	21.03	18.65	17.47	17.02	1.53	2.38
PS1 100/100 guarantee policy	21.61	20.23	18.02	16.96	16.60	1.38	2.21
PS2 75/75 guarantee policy	29.68	26.88	23.17	21.10	19.97	2.80	3.71
PS2 75/100 guarantee policy	29.68	26.88	23.17	21.10	19.98	2.80	3.71
PS2 100/100 guarantee policy	29.68	26.88	23.17	21.10	19.98	2.80	3.71
PS 75/75 guarantee policy	13.43	12.39	10.87	10.09	—	1.04	1.52
PS 75/100 guarantee policy	13.35	12.34	10.85	10.08	—	1.01	1.49
PPS 75/75 guarantee policy	13.63	12.52	10.94	10.11	—	1.11	1.58
PPS 75/100 guarantee policy	13.47	12.42	10.89	10.09	—	1.05	1.53

Foreign Equity Fund 3.02MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Foreign Equity Fund 3.02MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Foreign Equity Fund 3.02MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Foreign Equity Fund 3.02MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Foreign Equity Fund 3.02MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Foreign Equity Fund 3.02MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Foreign Equity Fund 3.02MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Foreign Equity Fund 3.02MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Foreign Equity Fund 3.02MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign Equity Fund 3.02MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Foreign Equity Fund 3.02MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Foreign Equity Fund 3.02MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.11	3.11	3.12	3.13	3.13
75/75 guarantee policy	2.94	2.94	2.95	2.96	2.96
75/100 guarantee policy	3.11	3.11	3.11	3.13	3.13
100/100 guarantee policy	3.64	3.64	3.64	3.66	3.66
PS1 75/75 guarantee policy	2.54	2.51	2.51	2.52	2.52
PS1 75/100 guarantee policy	2.88	2.84	2.84	2.86	2.85
PS1 100/100 guarantee policy	3.32	3.29	3.29	3.31	3.30
PS 75/75 guarantee policy	1.83	1.83	1.82	1.83	—
PS 75/100 guarantee policy	2.00	2.00	1.99	2.00	—
PPS 75/75 guarantee policy	1.43	1.39	1.39	1.39	—
PPS 75/100 guarantee policy	1.77	1.73	1.72	1.73	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.54	2.55	2.54	2.55	2.55
PS1 75/100 guarantee policy	2.88	2.88	2.87	2.89	2.88
PS1 100/100 guarantee policy	3.32	3.33	3.32	3.34	3.33
PPS 75/75 guarantee policy	1.43	1.43	1.42	1.42	—
PPS 75/100 guarantee policy	1.77	1.77	1.75	1.76	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	96.48	11.48	1.83	6.91	5.62

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INTERNATIONAL STOCK FUND 3.01MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of International Stock Fund 3.01MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

International Stock Fund 3.01MF

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 12	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	41
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	36,802	36,643
Total investments	36,802	36,643
Total assets	\$ 36,814	\$ 36,684
Liabilities		
Overdrafts	\$ —	\$ 65
Due to The Canada Life Assurance Company (note 8)	10	14
Due to brokers	4	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	14	79
Net assets attributable to contractholders	\$ 36,800	\$ 36,605

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 2,700	\$ 5,229
Miscellaneous income (loss)	—	—
Total income	2,700	5,229
Expenses		
Management fees (note 8)	831	815
Other	98	96
Total expenses	929	911

Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,771	\$ 4,318
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Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 36,605	\$ 38,350
Contractholder deposits	4,598	1,436
Contractholder withdrawals	(6,174)	(7,499)
Increase (decrease) in net assets from operations attributable to contractholders	1,771	4,318
Change in net assets attributable to contractholders	195	(1,745)
Net assets attributable to contractholders - end of year	\$ 36,800	\$ 36,605

International Stock Fund 3.01MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,771	\$ 4,318
Adjustments		
Realized (gains) losses	(1,842)	(1,965)
Unrealized (gains) losses	(382)	(2,776)
Gross proceeds of disposition of investments	5,187	7,694
Gross payments for the purchase of investments	(2,646)	(739)
Distribution income of underlying mutual fund	(476)	(488)
Change in due from/to The Canada Life Assurance Company	(4)	6
Change in due from/to brokers	45	(29)
	<u>1,653</u>	<u>6,021</u>
Financing Activities		
Contractholder deposits	4,598	1,436
Contractholder withdrawals	(6,174)	(7,499)
	<u>(1,576)</u>	<u>(6,063)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	77	(42)
Cash, short-term deposits and overdrafts, beginning of year	(65)	(23)
Cash, short-term deposits and overdrafts, end of year	\$ 12	\$ (65)

International Stock Fund 3.01MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Ivy International Fund Series S *	1,746,859	24,353	36,802
Total Investments		24,353	36,802

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	10.27%
Seven & I Holdings Co. Ltd.	4.13%
Compass Group PLC	4.02%
Admiral Group PLC	4.00%
Reckitt Benckiser Group PLC	3.99%
Amcor PLC	3.77%
Auto Trader Group PLC	3.49%
CK Hutchison Holdings Ltd.	3.27%
Brookfield Asset Management Inc.	3.27%
Nestle SA	3.24%
SAP SE	3.01%
Brambles Ltd.	2.79%
RELX PLC	2.69%
Koninklijke Philips NV	2.63%
Knorr-Bremse AG	2.42%
Tencent Holdings Ltd.	2.32%
Scout24 AG	2.29%
Kao Corp.	2.23%
De'Longhi SPA	2.21%
Burford Capital Ltd.	2.11%
Henkel AG & Co. KGaA Preferred	2.06%
Roche Holding AG Genusscheine	1.94%
Spectris PLC	1.85%
Electrocomponents PLC	1.81%
AIA Group Ltd.	1.78%

*The issuer of this security is a related company to the issuer of the Fund.

International Stock Fund 3.01MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	156,651	69,201	68,190	86,407	124,036	4,813	1,979	1,682	1,932	2,834
Individual	418,544	502,572	634,397	816,487	1,032,628	6,983	8,050	9,040	10,881	14,506
75/75 guarantee policy	148,731	172,324	190,565	216,684	222,991	2,703	3,000	2,944	3,124	3,381
75/100 guarantee policy	501,469	591,663	750,637	859,488	957,476	8,874	10,053	11,346	12,150	14,267
100/100 guarantee policy	22,846	33,444	41,102	45,702	66,368	384	542	595	622	956
PS1 75/75 guarantee policy	83,294	79,154	75,799	83,243	100,030	1,669	1,513	1,280	1,307	1,644
PS1 75/100 guarantee policy	313,568	339,123	390,479	429,604	447,878	6,083	6,298	6,430	6,595	7,223
PS1 100/100 guarantee policy	2,849	5,122	6,911	12,593	10,041	53	92	110	188	158
PS2 75/75 guarantee policy	11,587	11,961	21,706	27,315	47,683	296	284	444	506	902
PS2 75/100 guarantee policy	56,349	73,243	80,239	90,431	109,376	1,438	1,739	1,641	1,676	2,070
PS 75/75 guarantee policy	540	545	551	402	—	7	7	6	4	—
PS 75/100 guarantee policy	16,307	15,118	14,631	2,746	—	205	181	154	27	—
PPS 75/100 guarantee policy	2,665	—	—	—	—	34	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	30.73	28.60	24.66	22.36	22.85	2.13	3.94
Individual	16.68	16.02	14.25	13.33	14.05	0.66	1.77
75/75 guarantee policy	18.17	17.41	15.45	14.42	15.16	0.76	1.96
75/100 guarantee policy	17.70	16.99	15.11	14.14	14.90	0.71	1.88
100/100 guarantee policy	16.81	16.21	14.49	13.61	14.41	0.60	1.72
PS1 75/75 guarantee policy	20.04	19.12	16.89	15.70	16.43	0.92	2.23
PS1 75/100 guarantee policy	19.40	18.57	16.47	15.35	16.13	0.83	2.10
PS1 100/100 guarantee policy	18.58	17.87	15.91	14.90	15.73	0.71	1.96
PS2 75/75 guarantee policy	25.52	23.74	20.46	18.53	18.92	1.78	3.28
PS2 75/100 guarantee policy	25.52	23.74	20.46	18.54	18.92	1.78	3.28
PS 75/75 guarantee policy	12.68	12.01	10.55	9.73	—	0.67	1.46
PS 75/100 guarantee policy	12.59	11.95	10.51	9.72	—	0.64	1.44
PPS 75/100 guarantee policy	12.71	—	—	—	—	0.68	—

International Stock Fund 3.01MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The International Stock Fund 3.01MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

International Stock Fund 3.01MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

International Stock Fund 3.01MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

International Stock Fund 3.01MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

International Stock Fund 3.01MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

International Stock Fund 3.01MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

International Stock Fund 3.01MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

International Stock Fund 3.01MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

International Stock Fund 3.01MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

International Stock Fund 3.01MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

International Stock Fund 3.01MF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.19	3.19	3.18	3.19	3.18
75/75 guarantee policy	2.96	2.96	2.96	2.97	2.96
75/100 guarantee policy	3.19	3.19	3.18	3.19	3.18
100/100 guarantee policy	3.63	3.62	3.62	3.63	3.61
PS1 75/75 guarantee policy	2.55	2.52	2.52	2.52	2.51
PS1 75/100 guarantee policy	2.89	2.85	2.86	2.86	2.85
PS1 100/100 guarantee policy	3.34	3.30	3.31	3.31	3.30
PS 75/75 guarantee policy	1.83	1.85	1.85	1.83	—
PS 75/100 guarantee policy	2.06	2.06	2.06	2.05	—
PPS 75/100 guarantee policy	1.77	—	—	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.55	2.56	2.55	2.55	2.54
PS1 75/100 guarantee policy	2.89	2.89	2.89	2.89	2.88
PS1 100/100 guarantee policy	3.34	3.34	3.34	3.34	3.33

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	7.21	2.09	1.48	3.88	3.85

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

GROWTH EQUITY FUND (AGF)

December 31, 2021

Independent Auditor's Report

To the Contractholders of Growth Equity Fund (AGF) (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Growth Equity Fund (AGF)

(in Canadian \$ thousands)

Fund Manager: AGF Investments Inc.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 2,564	\$ 3,245
Investment income due and accrued	102	98
Due from The Canada Life Assurance Company (note 7)	4	6
Due from brokers	—	3
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	78,564	72,695
Investment fund units	—	—
Total investments	78,564	72,695
Total assets	\$ 81,234	\$ 76,047
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	115	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	115	—
Net assets attributable to contractholders	\$ 81,119	\$ 76,047

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 13,157	\$ (437)
Miscellaneous income (loss)	12	194
Total income	13,169	(243)
Expenses		
Management fees (note 7)	1,432	1,337
Transaction costs	79	252
Withholding taxes	1	8
Other	157	147
Total expenses	1,669	1,744
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 11,500	\$ (1,987)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 76,047	\$ 84,133
Contractholder deposits	1,214	1,950
Contractholder withdrawals	(7,642)	(8,049)
Increase (decrease) in net assets from operations attributable to contractholders	11,500	(1,987)
Change in net assets attributable to contractholders	5,072	(8,086)
Net assets attributable to contractholders - end of year	\$ 81,119	\$ 76,047

Growth Equity Fund (AGF)

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 11,500	\$ (1,987)
Adjustments		
Realized (gains) losses	(7,081)	1,676
Unrealized (gains) losses	(4,487)	300
Gross proceeds of disposition of investments	56,035	103,074
Gross payments for the purchase of investments	(50,336)	(100,093)
Change in investment income due and accrued	(4)	(22)
Change in due from/to The Canada Life Assurance Company	2	28
Change in due from/to brokers	118	(3)
	<u>5,747</u>	<u>2,973</u>
Financing Activities		
Contractholder deposits	1,214	1,950
Contractholder withdrawals	(7,642)	(8,049)
	<u>(6,428)</u>	<u>(6,099)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(681)	(3,126)
Cash, short-term deposits and overdrafts, beginning of year	3,245	6,371
Cash, short-term deposits and overdrafts, end of year	\$ 2,564	\$ 3,245
Supplementary cash flow information		
Dividend income received	\$ 1,585	\$ 1,504

Growth Equity Fund (AGF)

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Consumer Staples			
Alimentation Couche-Tard Inc.	16,396	545	869
GURU Organic Energy Corp.	11,945	191	192
Energy			
AltaGas Ltd.	47,635	1,033	1,301
Buried Hill Energy Public Co. Ltd. Subscription Receipts	182,600	307	2
Canadian Natural Resources Ltd.	48,491	1,706	2,592
Enbridge Inc. [CAD]	37,448	1,639	1,850
Headwater Exploration Inc.	121,229	616	624
Parex Resources Inc.	28,827	386	623
Parkland Corp. of Canada	17,515	597	609
TC Energy Corp.	24,457	1,599	1,439
Tourmaline Oil Corp.	17,855	626	729
Whitecap Resources Inc.	123,782	772	927
Financials			
Altius Renewable Royalties Corp.	19,949	219	219
Bank of Montreal	42,049	4,123	5,728
Brookfield Asset Management Inc.	41,141	2,023	3,143
Canadian Western Bank	26,174	1,047	950
Definity Financial Corp.	18,400	440	543
Guardian Capital Group Ltd.	42,288	784	1,476
Home Capital Group Inc.	21,559	925	842
iA Financial Corp. Inc.	22,194	1,395	1,606
Intact Financial Corp.	8,863	1,313	1,457
Merrco Payments Inc.	38,956	465	390
Propel Holdings Inc.	42,101	410	574
Royal Bank of Canada	37,282	3,407	5,006
Sun Life Financial Inc.	41,409	2,119	2,916
Trisura Group Ltd.	8,903	419	425
Health Care			
Andlauer Healthcare Group Inc.	9,835	190	531
Industrials			
Air Canada variable voting	55,981	1,414	1,183
ATS Automation Tooling Systems Inc.	22,968	633	1,154

Growth Equity Fund (AGF)

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Industrials (continued)			
Boyd Group Services Inc.	4,826	980	963
CAE Inc.	20,813	764	664
Canadian National Railway Co.	21,086	2,567	3,276
Canadian Pacific Railway Ltd.	28,308	1,881	2,575
GFL Environmental Inc.	25,280	1,115	1,209
Hardwoods Distribution Inc.	8,525	369	382
Parkit Enterprise Inc.	189,846	218	294
Richelieu Hardware Ltd.	18,403	770	803
SNC-Lavalin Group Inc.	32,912	1,152	1,017
Waste Connections Inc.	10,190	1,369	1,757
Information Technology			
Constellation Software Inc.	1,008	1,631	2,366
Coveo Solutions Inc.	38,525	614	636
Lightspeed Commerce Inc.	5,202	590	266
Shopify Inc. [CAD]	2,520	3,931	4,390
Thinkific Labs Inc.	14,746	192	131
Topicus.com Inc.	1,874	9	218
Materials			
Altius Minerals Corp.	35,897	570	625
Arizona Sonoran Copper Co. Inc.	100,637	247	206
First Quantum Minerals Ltd.	43,201	1,242	1,308
Intertape Polymer Group Inc.	23,191	622	610
K92 Mining Inc.	135,038	623	971
Kirkland Lake Gold Ltd.	36,972	2,181	1,960
Neo Performance Materials Inc.	17,528	346	355
Nutrien Ltd. [CAD]	27,356	1,799	2,601
Orla Mining Ltd.	93,165	219	450
SSR Mining Inc.	40,040	858	896
West Fraser Timber Co. Ltd.	17,862	1,605	2,156
Real Estate			
Colliers International Group Inc.	8,977	786	1,691
Granite REIT Holdings LP	6,164	642	650
Total Canadian Common Stock		61,235	75,326

Growth Equity Fund (AGF)

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
United States Common Stock			
Consumer Discretionary			
Airbnb Inc.	4,880	1,175	1,028
Information Technology			
Applied Materials Inc.	4,841	714	964
Total United States Common Stock		1,889	1,992
Global Common Stock			
Australia			
Champion Iron Ltd.	101,241	161	507
Bermuda			
Brookfield Asset Management Reinsurance Partners Ltd. Class A	283	19	22
Brookfield Renewable Energy Partners LP	15,822	476	717
Total Global Common Stock		656	1,246
Total Stocks		63,780	78,564
Transaction Costs (see notes to financial statements (note 2))		(70)	
Total Investments		63,710	78,564

Growth Equity Fund (AGF)

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Growth Equity Fund (AGF) (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Growth Equity Fund (AGF)

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 1,992	\$ 542	\$ 2,534	\$ 25
Total	\$ 1,992	\$ 542	\$ 2,534	\$ 25
As Percent of Net Assets Attributable to Contractholders				3.1%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 7,818	\$ 437	\$ 8,255	\$ 83
Total	\$ 7,818	\$ 437	\$ 8,255	\$ 83
As Percent of Net Assets Attributable to Contractholders				10.9%
				0.1%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$786 (\$727 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Growth Equity Fund (AGF)

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 78,172	\$ —	\$ 392	\$ 78,564
Total assets measured at fair value	\$ 78,172	\$ —	\$ 392	\$ 78,564

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 71,642	\$ 661	\$ 392	\$ 72,695
Total assets measured at fair value	\$ 71,642	\$ 661	\$ 392	\$ 72,695

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 1 (Level 2 at December 31, 2020).

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021	2020
	Stocks	Stocks
Balance, beginning of year	\$ 392	\$ 398
Total gain (loss) included in net assets from operations attributable to contractholders	—	(6)
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	—
Transfers out of Level 3	—	—
Balance, end of year	\$ 392	\$ 392
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ (6)

Growth Equity Fund (AGF)

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	467,786	512,299	552,754	632,080	706,855	60,619	56,339	60,685	58,201	76,198
Individual	457,378	520,104	635,941	752,889	906,939	9,413	9,396	11,864	12,185	17,787
75/75 guarantee policy	103,935	117,449	121,474	132,994	148,981	1,480	1,463	1,556	1,473	1,992
75/100 guarantee policy	381,703	422,017	481,791	521,936	543,729	5,244	5,090	6,000	5,639	7,119
100/100 guarantee policy	22,516	25,033	25,220	25,694	31,349	299	293	306	271	402
PS1 75/75 guarantee policy	41,305	42,545	45,264	57,178	48,398	606	543	592	643	654
PS1 75/100 guarantee policy	174,470	174,186	181,550	198,726	200,917	2,505	2,181	2,333	2,202	2,680
PS1 100/100 guarantee policy	6,722	6,756	5,639	5,639	6,270	94	82	71	61	82
PS2 75/75 guarantee policy	29,877	25,178	26,788	24,413	19,503	563	403	428	327	305
PS2 75/100 guarantee policy	13,876	14,259	16,871	22,961	19,886	262	228	269	307	311
PS 75/75 guarantee policy	41	—	—	—	—	—	—	—	—	—
PS 75/100 guarantee policy	3,160	3,078	3,026	—	—	34	29	29	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	129.59	109.97	109.79	92.08	107.80	19.62	0.18
Individual	20.58	18.07	18.66	16.18	19.61	2.51	(0.59)
75/75 guarantee policy	14.24	12.45	12.81	11.07	13.37	1.79	(0.36)
75/100 guarantee policy	13.74	12.06	12.45	10.80	13.09	1.68	(0.39)
100/100 guarantee policy	13.28	11.70	12.12	10.55	12.83	1.58	(0.42)
PS1 75/75 guarantee policy	14.67	12.77	13.07	11.24	13.51	1.90	(0.30)
PS1 75/100 guarantee policy	14.36	12.52	12.85	11.08	13.34	1.84	(0.33)
PS1 100/100 guarantee policy	13.90	12.17	12.53	10.84	13.10	1.73	(0.36)
PS2 75/75 guarantee policy	18.85	15.99	15.96	13.38	15.66	2.86	0.03
PS2 75/100 guarantee policy	18.85	15.99	15.96	13.38	15.66	2.86	0.03
PS 75/75 guarantee policy	11.06	—	—	—	—	1.51	—
PS 75/100 guarantee policy	10.90	9.46	9.66	—	—	1.44	(0.20)

Growth Equity Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Growth Equity Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Growth Equity Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Growth Equity Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Growth Equity Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Growth Equity Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Growth Equity Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Growth Equity Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Growth Equity Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Growth Equity Fund (AGF)

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.42	3.42	3.43	3.49	3.55
75/75 guarantee policy	3.03	3.03	3.03	3.15	3.28
75/100 guarantee policy	3.42	3.42	3.43	3.49	3.54
100/100 guarantee policy	3.75	3.75	3.76	3.80	3.81
PS1 75/75 guarantee policy	2.57	2.57	2.58	2.61	2.63
PS1 75/100 guarantee policy	2.79	2.80	2.80	2.84	2.86
PS1 100/100 guarantee policy	3.12	3.13	3.14	3.18	3.19
PS 75/75 guarantee policy	1.91	—	—	—	—
PS 75/100 guarantee policy	2.30	2.30	2.30	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	63.99	140.38	37.14	28.38	33.31

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

ASIAN GROWTH FUND 2.35A

December 31, 2021

Independent Auditor's Report

To the Contractholders of Asian Growth Fund 2.35A (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Asian Growth Fund 2.35A

(in Canadian \$ thousands)

Fund Manager: Canada Life Asset Management Limited

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 449	\$ 315
Investment income due and accrued	59	24
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	69,289	79,015
Investment fund units	—	—
Total investments	69,289	79,015
Total assets	\$ 69,797	\$ 79,354
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	15
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	15
Net assets attributable to contractholders	\$ 69,797	\$ 79,339

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (2,454)	\$ 12,987
Miscellaneous income (loss)	28	(37)
Total income	(2,426)	12,950
Expenses		
Management fees (note 7)	1,820	1,708
Transaction costs	66	96
Withholding taxes	226	134
Other	201	189
Total expenses	2,313	2,127
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (4,739)	\$ 10,823

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 79,339	\$ 78,293
Contractholder deposits	4,926	3,157
Contractholder withdrawals	(9,729)	(12,934)
Increase (decrease) in net assets from operations attributable to contractholders	(4,739)	10,823
Change in net assets attributable to contractholders	(9,542)	1,046
Net assets attributable to contractholders - end of year	\$ 69,797	\$ 79,339

Asian Growth Fund 2.35A

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (4,739)	\$ 10,823
Adjustments		
Realized (gains) losses	766	(7,117)
Unrealized (gains) losses	4,717	(4,203)
Gross proceeds of disposition of investments	25,031	55,507
Gross payments for the purchase of investments	(20,788)	(45,354)
Change in investment income due and accrued	(35)	18
Change in due from/to The Canada Life Assurance Company	(15)	(1)
	<u>4,937</u>	<u>9,673</u>
Financing Activities		
Contractholder deposits	4,926	3,157
Contractholder withdrawals	(9,729)	(12,934)
	<u>(4,803)</u>	<u>(9,777)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	134	(104)
Cash, short-term deposits and overdrafts, beginning of year	315	419
Cash, short-term deposits and overdrafts, end of year	\$ 449	\$ 315
Supplementary cash flow information		
Dividend income received	\$ 2,994	\$ 1,685

Asian Growth Fund 2.35A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Exchange Traded Funds			
iShares MSCI India ETF	114,590	4,901	6,646
Total United States Common Stock		4,901	6,645
Global Common Stock			
Australia			
Australia and New Zealand Banking Group	29,144	789	737
BHP Group Ltd.	25,300	696	966
Commonwealth Bank of Australia	12,360	969	1,148
CSL Ltd.	2,830	361	757
Goodman Group REIT	7,100	152	173
Macquarie Group Ltd.	5,220	579	986
National Australia Bank Ltd.	32,200	903	854
Rio Tinto Ltd.	2,350	213	216
Santos Ltd.	151,896	734	882
Sonic Healthcare Ltd.	9,489	225	407
Transurban Group Stapled Security	43,500	592	553
Wesfarmers Ltd.	12,911	539	704
Westpac Banking Corp.	33,000	1,005	648
Woodside Petroleum Ltd.	22,700	622	458
Woolworths Group Ltd.	5,800	165	203
Cayman Islands			
Alibaba Group Holding Ltd. ADR	16,000	3,087	2,404
Anta Sports Products Ltd.	15,000	399	285
Baidu Inc. ADR	3,470	927	653
China Mengniu Dairy Co. Ltd.	27,000	205	194
CK Asset Holdings Ltd.	66,500	558	530
CK Hutchison Holdings Ltd.	49,500	454	404
Helens International Holdings Co. Ltd.	18,000	58	55
Hengan International Group Co. Ltd.	42,000	486	274
Innovent Biologics Inc.	42,500	430	333
JD Logistics Inc.	89,000	564	382
JD.com Inc. ADR	9,710	556	861
Longfor Group Holdings Ltd.	84,000	564	500
Meituan Class B	29,200	1,020	1,068
Sea Ltd. ADR	500	176	141

Asian Growth Fund 2.35A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Cayman Islands (continued)			
Shenzhou International Group Holdings Ltd.	9,700	266	236
Sunny Optical Technology Group Co. Ltd.	8,300	252	332
Tencent Holdings Ltd.	51,000	1,349	3,780
Topsports International Holdings Ltd.	216,000	410	277
WuXi Biologics (Cayman) Inc.	62,000	590	931
ZTO Express Cayman Inc. ADR	13,554	695	484
China			
Anhui Conch Cement Co. Ltd.	70,000	625	442
China Construction Bank Corp.	638,000	640	559
China International Capital Corp. Ltd.	96,400	320	336
China Merchants Bank Co.	95,000	687	933
CITIC Securities Co. Ltd.	208,500	743	688
Ganfeng Lithium Co. Ltd.	26,800	624	534
Industrial and Commercial Bank of China Ltd.	674,000	519	481
Ping An Insurance (Group) Co. of China Ltd.	74,500	953	679
Postal Savings Bank of China Co. Ltd.	654,000	532	580
Sinopec Shanghai Petrochemical Co. Ltd.	1,340,000	404	389
WuXi AppTec Co. Ltd.	33,359	513	731
Hong Kong			
AIA Group Ltd.	124,400	1,227	1,586
China Resources Beer Holdings Co. Ltd.	42,000	429	435
Galaxy Entertainment Group Ltd.	45,000	358	295
Guangdong Investment Ltd.	214,000	401	344
Hong Kong Exchanges and Clearing Ltd.	16,500	723	1,219
Sun Hung Kai Properties Ltd.	25,000	473	384
The Hong Kong and China Gas Co. Ltd.	347,550	698	685
Indonesia			
Bank Central Asia TBK PT	685,200	415	442
Bank Rakyat Indonesia Persero TBK PT	1,139,222	370	418
PT United Tractors TBK	109,400	230	216
Telekomunikasi Indonesia TBK PT	1,710,000	483	622
Luxembourg			
Lyxor MSCI AC Asia-Pacific ex-Japan UCITS ETF	12,100	1,207	1,159

Asian Growth Fund 2.35A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Malaysia			
Public Bank BHD	309,800	695	394
Philippines			
Ayala Corp.	6,780	140	141
International Container Terminal Services Inc.	147,800	406	738
Singapore			
Ascendas REIT	115,200	364	319
DBS Group Holdings Ltd.	10,700	299	328
Oversea-Chinese Banking Corp. Ltd.	20,300	218	217
Singapore Telecommunications Ltd.	212,300	490	462
United Overseas Bank Ltd.	15,700	376	396
South Korea			
E-MART Inc.	830	141	133
Hyundai Motor Co.	970	212	215
Kakao Corp.	4,300	127	512
KB Financial Group Inc.	7,400	427	431
LG Chem Ltd.	500	268	326
Naver Corp.	1,531	488	614
POSCO	2,220	759	644
Samsung Electronics Co. Ltd.	46,600	1,997	3,865
Samsung Electronics Co. Ltd. Preference Shares	5,300	151	401
Samsung SDI Co. Ltd.	730	628	505
Shinhan Financial Group Co. Ltd.	10,000	354	390
SK Hynix Inc.	5,300	388	733
Taiwan			
ASE Technology Holding Co. Ltd.	235,216	989	1,147
China Steel Corp.	627,000	602	1,018
Hon Hai Precision Industry Co. Ltd.	228,000	978	1,087
MediaTek Inc.	18,000	531	979
Nan Ya Plastics Corp.	238,000	710	932
Taiwan Semiconductor Manufacturing Co. Ltd.	259,358	2,865	7,302
Thailand			
CP ALL PCL	100,200	240	225

Asian Growth Fund 2.35A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Global Common Stock (continued)			
Thailand (continued)			
PTT PCL	149,400	258	216
Total Global Common Stock		51,265	62,643
Total Stocks		56,166	69,289
Transaction Costs (see notes to financial statements (note 2))		(62)	
Total Investments		56,104	69,289

Asian Growth Fund 2.35A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Asian Growth Fund 2.35A (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Asian Growth Fund 2.35A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Hong Kong Dollar	\$ 20,881	\$ —	\$ 20,881	\$ 209
New Taiwan Dollar	12,465	556	13,021	130
United States Dollar	12,348	4	12,352	124
Australian Dollar	9,692	(42)	9,650	97
Other Currencies	13,903	91	13,994	139
Total	\$ 69,289	\$ 609	\$ 69,898	\$ 699
As Percent of Net Assets Attributable to Contractholders				100.1%
				1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Hong Kong Dollar	\$ 25,630	\$ —	\$ 25,630	\$ 256
United States Dollar	14,707	128	14,835	148
New Taiwan Dollar	10,952	267	11,219	112
Australian Dollar	10,953	1	10,954	110
Other Currencies	16,773	88	16,861	169
Total	\$ 79,015	\$ 484	\$ 79,499	\$ 795
As Percent of Net Assets Attributable to Contractholders				100.2%
				1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$693 (\$790 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Asian Growth Fund 2.35A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
<u>Assets measured at fair value</u>	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 46,356	\$ 22,933	\$ —	\$ 69,289
Total assets measured at fair value	\$ 46,356	\$ 22,933	\$ —	\$ 69,289

2020				
<u>Assets measured at fair value</u>	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 18,278	\$ 60,737	\$ —	\$ 79,015
Total assets measured at fair value	\$ 18,278	\$ 60,737	\$ —	\$ 79,015

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Asian Growth Fund 2.35A

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	85,194	88,429	97,914	109,319	109,507	26,681	28,751	26,807	25,939	28,073
Individual	502,430	553,356	649,888	820,799	994,962	14,962	17,675	18,058	20,420	27,637
75/75 guarantee policy	236,315	259,895	302,836	373,230	335,437	4,374	5,148	5,207	5,733	5,740
75/100 guarantee policy	585,310	687,746	827,707	945,157	930,627	10,615	13,378	14,006	14,321	15,743
100/100 guarantee policy	42,233	43,935	50,785	61,347	74,708	727	814	821	891	1,215
PS1 75/75 guarantee policy	130,422	108,455	130,216	172,619	159,202	2,497	2,211	2,292	2,701	2,761
PS1 75/100 guarantee policy	421,994	427,362	487,270	544,181	532,997	7,739	8,383	8,290	8,265	9,013
PS1 100/100 guarantee policy	23,579	23,126	26,642	39,480	12,618	412	435	436	579	207
PS2 75/75 guarantee policy	30,191	33,566	34,498	35,062	39,296	744	858	743	654	791
PS2 75/100 guarantee policy	28,473	46,498	51,247	47,024	42,184	702	1,189	1,103	877	850
PS 75/75 guarantee policy	5,343	4,891	5,709	3,723	—	59	57	57	33	—
PS 75/100 guarantee policy	18,803	23,705	23,483	7,953	—	207	277	236	71	—
PPS 75/75 guarantee policy	1,078	4,314	14,438	15,603	—	12	51	147	139	—
PPS 75/100 guarantee policy	5,896	9,536	8,930	5,581	—	66	112	90	50	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	313.17	325.13	273.78	237.28	256.36	(11.96)	51.35
Individual	29.78	31.94	27.79	24.88	27.78	(2.16)	4.15
75/75 guarantee policy	18.51	19.81	17.19	15.36	17.11	(1.30)	2.62
75/100 guarantee policy	18.14	19.45	16.92	15.15	16.92	(1.31)	2.53
100/100 guarantee policy	17.21	18.52	16.16	14.52	16.27	(1.31)	2.36
PS1 75/75 guarantee policy	19.14	20.38	17.60	15.65	17.34	(1.24)	2.78
PS1 75/100 guarantee policy	18.34	19.61	17.01	15.19	16.91	(1.27)	2.60
PS1 100/100 guarantee policy	17.47	18.76	16.35	14.66	16.40	(1.29)	2.41
PS2 75/75 guarantee policy	24.64	25.58	21.53	18.65	20.14	(0.94)	4.05
PS2 75/100 guarantee policy	24.64	25.58	21.53	18.65	20.14	(0.94)	4.05
PS 75/75 guarantee policy	11.10	11.75	10.09	8.91	—	(0.65)	1.66
PS 75/100 guarantee policy	11.02	11.69	10.05	8.90	—	(0.67)	1.64
PPS 75/75 guarantee policy	11.30	11.90	10.16	8.93	—	(0.60)	1.74
PPS 75/100 guarantee policy	11.13	11.77	10.10	8.92	—	(0.64)	1.67

Asian Growth Fund 2.35A

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Asian Growth Fund 2.35A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Asian Growth Fund 2.35A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Asian Growth Fund 2.35A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Asian Growth Fund 2.35A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Asian Growth Fund 2.35A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Asian Growth Fund 2.35A

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Asian Growth Fund 2.35A

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Asset Management Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Asian Growth Fund 2.35A

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.30	3.29	3.30	3.32	3.31
75/75 guarantee policy	3.07	3.07	3.08	3.09	3.08
75/100 guarantee policy	3.30	3.29	3.30	3.32	3.30
100/100 guarantee policy	3.63	3.63	3.64	3.66	3.64
PS1 75/75 guarantee policy	2.56	2.56	2.57	2.58	2.56
PS1 75/100 guarantee policy	3.01	3.01	3.02	3.03	3.01
PS1 100/100 guarantee policy	3.45	3.45	3.46	3.46	3.45
PS 75/75 guarantee policy	1.96	1.96	1.96	1.96	—
PS 75/100 guarantee policy	2.18	2.18	2.18	2.18	—
PPS 75/75 guarantee policy	1.45	1.45	1.45	1.45	—
PPS 75/100 guarantee policy	1.90	1.89	1.89	1.90	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	26.68	62.26	54.74	83.30	137.07

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORPORATE BOND FUND 7.52PIM

December 31, 2021

Independent Auditor's Report

To the Contractholders of Corporate Bond Fund 7.52PIM (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Corporate Bond Fund 7.52PIM

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 15,235	\$ 6,069
Investment income due and accrued	5,773	6,770
Due from The Canada Life Assurance Company (note 8)	18	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	790,094	935,033
Stocks	68,591	4,522
Investment fund units	—	—
Derivatives (note 7)	322	—
Total investments	859,007	939,555
Total assets	\$ 880,033	\$ 952,394
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	41
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	740	—
Total liabilities excluding net assets attributable to contractholders	740	41
Net assets attributable to contractholders	\$ 879,293	\$ 952,353

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (16,810)	\$ 78,284
Miscellaneous income (loss)	92	62
Total income	(16,718)	78,346
Expenses		
Management fees (note 8)	2,148	2,716
Transaction costs	32	7
Withholding taxes	2	—
Other	328	344
Total expenses	2,510	3,067
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (19,228)	\$ 75,279

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 952,353	\$ 936,321
Contractholder deposits	70,545	72,314
Contractholder withdrawals	(124,377)	(131,561)
Increase (decrease) in net assets from operations attributable to contractholders	(19,228)	75,279
Change in net assets attributable to contractholders	(73,060)	16,032
Net assets attributable to contractholders - end of year	\$ 879,293	\$ 952,353

Corporate Bond Fund 7.52PIM

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (19,228)	\$ 75,279
Adjustments		
Realized (gains) losses	(6,765)	(10,622)
Unrealized (gains) losses	51,966	(37,573)
Gross proceeds of disposition of investments	575,287	390,922
Gross payments for the purchase of investments	(539,200)	(358,001)
Change in investment income due and accrued	997	148
Change in due from/to The Canada Life Assurance Company	(59)	156
	<u>62,998</u>	<u>60,309</u>
Financing Activities		
Contractholder deposits	70,545	72,314
Contractholder withdrawals	(124,377)	(131,561)
	<u>(53,832)</u>	<u>(59,247)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	9,166	1,062
Cash, short-term deposits and overdrafts, beginning of year	6,069	5,007
Cash, short-term deposits and overdrafts, end of year	\$ 15,235	\$ 6,069
Supplementary cash flow information		
Interest income received	\$ 27,750	\$ 30,023
Dividend income received	1,618	192

Corporate Bond Fund 7.52PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Provincial Governments			
Ontario Power Generation Inc. 3.215% 04-08-2030	2,766,000	2,954	2,936
Ontario Power Generation Inc. 3.315% 10-04-2027	6,458,000	6,489	6,879
Province of Alberta 1.65% 06-01-2031	9,000,000	8,749	8,672
Province of Alberta 2.95% 06-01-2052	2,220,000	2,267	2,413
Province of Alberta 3.10% 06-01-2050	1,830,000	1,934	2,033
Province of British Columbia 2.75% 06-18-2052	550,000	546	592
Province of Ontario 1.90% 12-02-2051	10,773,000	8,828	9,529
Province of Ontario 2.25% 12-02-2031	380,000	379	386
Province of Ontario 2.65% 12-02-2050	3,150,000	3,181	3,275
Province of Ontario 3.45% 06-02-2045	2,750,000	3,139	3,227
Province of Quebec 3.10% 12-01-2051	1,476,000	1,582	1,692
Province of Quebec 3.50% 12-01-2048	980,000	1,133	1,185
Total Provincial Governments		41,181	42,819
Corporate - Non-convertible			
407 International Inc. 3.72% 05-11-2048	2,302,000	2,717	2,582
407 International Inc. 3.83% 05-11-2046	9,875,000	10,289	11,192
AIMCo Realty Investors LP 2.195% 11-04-2026	1,190,000	1,190	1,201
AIMCo Realty Investors LP 2.712% 06-01-2029	4,351,000	4,358	4,474
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	295,000	335	320
Algonquin Power Co. 2.85% 07-15-2031	1,190,000	1,191	1,205
Allied Properties REIT 1.726% 02-12-2026	3,168,000	3,153	3,093
AltaGas Ltd. 2.166% 03-16-2027	920,000	920	905
AltaLink LP 1.509% 09-11-2030	1,252,000	1,252	1,186
AltaLink LP 3.99% 06-30-2042	12,931,000	13,903	15,030
ARC Resources Ltd. 2.354% 03-10-2026	1,660,000	1,660	1,660
ARC Resources Ltd. 3.465% 03-10-2031	1,670,000	1,670	1,713
Bank of Montreal 1.551% 05-28-2026	4,880,000	4,880	4,792
Bank of Montreal 1.758% 03-10-2026	2,920,000	2,920	2,899
Bank of Montreal 1.928% 07-22-2031	1,950,000	1,950	1,919
Bank of Montreal 2.077% 06-17-2030	2,129,000	2,129	2,126
Bank of Montreal 4.30% 11-26-2025	471,000	471	490
BCI QuadReal Realty 1.073% 02-04-2026	1,302,000	1,302	1,262
BCI QuadReal Realty 1.747% 07-24-2030	5,846,000	5,881	5,612
Bell Canada Inc. 1.65% 08-16-2027	2,312,000	2,259	2,231
Bell Canada Inc. 2.20% 05-29-2028	1,620,000	1,618	1,601

Corporate Bond Fund 7.52PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Bell Canada Inc. 3.50% 09-30-2050	348,000	349	335
Bell Canada Inc. 4.45% 02-27-2047	140,000	165	157
Bell Canada Inc. 4.75% 09-29-2044	6,734,000	6,771	7,797
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	593,000	593	581
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	3,010,000	3,457	3,288
Brookfield Infrastructure Partners 3.315% 02-22-2024	4,846,000	4,884	4,997
Brookfield Property Finance ULC 3.93% 01-15-2027	5,055,000	5,055	5,086
Brookfield Property Finance ULC 4.30% 03-01-2024	3,414,000	3,413	3,490
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	1,051,000	1,185	1,119
Brookfield Renewable Partners ULC 3.33% 08-13-2050	1,880,000	1,879	1,857
Brookfield Renewable Partners ULC 3.38% 01-15-2030	266,000	288	282
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	243,000	243	244
Calgary Airport Authority 3.199% 10-07-2036	570,000	570	586
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	12,830,000	12,821	12,410
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	4,491,000	4,493	4,432
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	615,000	615	637
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	2,460,000	2,460	2,455
Canadian Natural Resources Ltd. 2.50% 01-17-2028	1,807,000	1,807	1,808
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	3,100,000	3,100	3,153
Canadian Pacific Railway Ltd. 3.15% 03-13-2029	2,621,000	2,635	2,757
Canadian Western Bank 1.818% 12-16-2027	3,726,000	3,726	3,613
Canadian Western Bank 1.926% 04-16-2026	2,308,000	2,313	2,288
Canadian Western Bank 5.00% 07-31-2081	270,000	270	271
Canadian Western Bank 6.00% 04-30-2081	846,000	846	900
Canadian Western Bank Floating Rate 01-22-2024	2,640,000	2,640	2,644
CanWel Building Materials Group Ltd. 5.25% 05-15-2026	132,000	132	131
Capital Power Corp. 3.147% 10-01-2032	2,680,000	2,682	2,643
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2025	768,000	768	792
CCL Industries Inc. 3.864% 04-13-2028	3,420,000	3,578	3,659
Cenovus Energy Inc. 3.50% 02-07-2028	1,962,000	1,962	2,054
Cenovus Energy Inc. 3.60% 03-10-2027	7,711,000	7,712	8,099
Central 1 Credit Union 2.391% 06-30-2031	800,000	802	796
Central 1 Credit Union 2.584% 12-06-2023	4,665,000	4,628	4,758
CGI Inc. 2.10% 09-18-2028	3,540,000	3,554	3,480
Choice Properties REIT 2.456% 11-30-2026	680,000	680	686
Choice Properties REIT 4.178% 03-08-2028	3,667,000	3,667	4,009

Corporate Bond Fund 7.52PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Cogeco Communications Inc. 2.991% 09-22-2031	3,428,000	3,399	3,409
Corus Entertainment Inc. 5.00% 05-11-2028	246,000	246	248
Crombie REIT 2.686% 03-31-2028	1,249,000	1,249	1,247
Crombie REIT 3.133% 08-12-2031	620,000	620	614
CT REIT 3.289% 06-01-2026	2,554,000	2,558	2,656
CU Inc. 4.085% 09-02-2044	1,200,000	1,345	1,406
CU Inc. 5.896% 11-20-2034	8,213,000	10,210	10,982
Curaleaf Holdings Inc. 8.00% 12-15-2026	640,000	820	812
Dollarama Inc. 1.505% 09-20-2027	5,192,000	5,124	4,996
Dream Industrial REIT 1.662% 12-22-2025	1,831,000	1,830	1,799
Dream Industrial REIT 2.057% 06-17-2027	3,040,000	3,039	2,992
Dream Industrial REIT 2.539% 12-07-2026	890,000	890	899
Enbridge Gas Inc. 2.90% 04-01-2030	4,000,000	4,249	4,176
Enbridge Gas Inc. 3.20% 09-15-2051	6,226,000	6,006	6,376
Enbridge Gas Inc. 3.65% 04-01-2050	120,000	130	133
Enbridge Inc. 2.99% 10-03-2029	6,531,000	6,526	6,661
Enbridge Inc. 3.10% 09-21-2033	2,460,000	2,453	2,431
Enbridge Inc. 5.375% 09-27-2077	6,238,000	6,029	6,599
Enbridge Inc. 6.625% 04-12-2078	4,681,000	5,328	5,305
Enbridge Pipelines Inc. 4.13% 08-09-2046	3,000,000	3,036	3,132
Enbridge Pipelines Inc. 4.33% 02-22-2049	530,000	555	573
EPCOR Utilities Inc. 3.554% 11-27-2047	2,361,000	2,421	2,585
EPCOR Utilities Inc. 5.65% 11-16-2035	3,000,000	3,934	3,940
Equitable Bank 1.876% 11-26-2025	1,544,000	1,527	1,516
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	3,160,000	3,169	3,294
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	1,814,000	1,958	1,945
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	4,240,000	4,240	4,100
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	3,213,000	3,213	3,285
First National Financial Corp. 2.961% 11-17-2025	742,000	742	751
Ford Credit Canada Co. 3.349% 09-19-2022	1,299,000	1,297	1,310
Fortified Trust 1.964% 10-23-2026	2,780,000	2,780	2,787
FortisAlberta Inc. 2.632% 06-08-2051	465,000	465	430
FortisBC Energy Inc. 2.54% 07-13-2050	1,646,000	1,646	1,520
FortisBC Energy Inc. 3.85% 12-07-2048	1,763,000	1,761	2,052
FortisBC Energy Inc. 5.00% 11-24-2050	2,520,000	3,657	3,385
GFL Environmental Inc. 3.50% 09-01-2028 144A	6,000	7	7
Gibson Energy Inc. 3.60% 09-17-2029	1,497,000	1,493	1,575

Corporate Bond Fund 7.52PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Gibson Energy Inc. 5.25% 12-22-2030	1,302,000	1,302	1,311
Glacier Credit Card Trust 3.29% 09-20-2022	1,816,000	1,856	1,836
Granite REIT Holdings LP 2.194% 08-30-2028	2,430,000	2,436	2,399
Granite REIT Holdings LP 2.378% 12-18-2030	624,000	624	606
Greater Toronto Airports Authority 6.98% 10-15-2032	8,164,000	11,194	11,375
H&R REIT 2.633% 02-19-2027	2,026,000	2,031	2,023
H&R REIT 2.906% 06-02-2026	441,000	441	448
H&R REIT 3.369% 01-30-2024	3,812,000	3,805	3,920
HCN Canadian Holdings-1 LP 2.95% 01-15-2027	2,327,000	2,324	2,382
Honda Canada Finance Inc. 1.337% 03-17-2026	335,000	335	326
Honda Canada Finance Inc. 1.646% 02-25-2028	2,110,000	2,110	2,044
Hydro One Inc. 1.41% 10-15-2027	705,000	705	681
Hydro One Inc. 2.23% 09-17-2031	1,890,000	1,889	1,867
Hydro One Inc. 3.10% 09-15-2051	480,000	463	489
Hyundai Capital Canada Inc. 2.008% 05-12-2026	1,010,000	1,010	1,001
Intact Financial Corp. 2.179% 05-18-2028	1,050,000	1,050	1,047
Intact Financial Corp. 4.125% 03-31-2081	400,000	400	408
Inter Pipeline Ltd. 3.173% 03-24-2025	400,000	388	410
Inter Pipeline Ltd. 3.484% 12-16-2026	625,000	662	646
Inter Pipeline Ltd. 3.983% 11-25-2031	2,830,000	2,830	2,911
Inter Pipeline Ltd. 4.232% 06-01-2027	970,000	1,030	1,036
Inter Pipeline Ltd. 6.875% 03-26-2079	1,696,000	1,683	1,831
John Deere Financial Inc. 1.63% 04-09-2026	480,000	480	475
Keyera Corp. 3.959% 05-29-2030	1,228,000	1,317	1,307
Keyera Corp. 5.95% 03-10-2081	680,000	680	701
Kruger Packaging Holdings LP 6.00% 06-01-2026	769,000	769	812
Kruger Products LP 5.375% 04-09-2029	120,000	120	122
Kruger Products LP 6.00% 04-24-2025	1,242,000	1,242	1,290
Laurentian Bank of Canada 1.15% 06-03-2024	1,384,000	1,384	1,364
Laurentian Bank of Canada 1.603% 05-06-2026	410,000	410	407
Laurentian Bank of Canada 4.25% 06-22-2027	7,997,000	8,158	8,116
Loblaw Companies Ltd. 4.488% 12-11-2028	3,103,000	3,422	3,502
Loblaw Companies Ltd. 5.90% 01-18-2036	13,494,000	14,872	17,225
Lower Mattagami Energy LP 2.433% 05-14-2031	1,340,000	1,340	1,362
Manulife Bank of Canada 1.337% 02-26-2026	2,210,000	2,210	2,162
Manulife Bank of Canada 1.504% 06-25-2025	1,773,000	1,773	1,758
Manulife Financial Corp. 2.237% 05-12-2030	4,417,000	4,417	4,456

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Manulife Financial Corp. 3.049% 08-20-2029	2,846,000	2,847	2,935
Manulife Financial Corp. 3.375% 06-19-2081	3,550,000	3,550	3,447
Manulife Financial Corp. 4.10% 03-19-2082	1,470,000	1,470	1,457
MCAP Commercial LP 3.743% 08-25-2025	1,465,000	1,465	1,515
Metro Inc. 3.39% 12-06-2027	4,737,000	4,746	5,025
Morgan Stanley Floating Rate 03-21-2025	3,980,000	3,980	3,988
Morguard Corp. 4.402% 09-28-2023	1,954,000	1,954	1,976
National Bank of Canada 1.534% 06-15-2026	1,200,000	1,200	1,178
National Bank of Canada 1.573% 08-18-2026	789,000	789	781
National Bank of Canada 2.237% 11-04-2026	1,670,000	1,670	1,683
National Bank of Canada 4.05% 08-15-2081	800,000	801	787
National Bank of Canada 4.30% 11-15-2025	1,739,000	1,739	1,793
North West Redwater Partnership 2.80% 06-01-2027	1,930,000	1,999	1,982
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	2,930,000	2,924	2,939
Ontario Teachers' Cadillac Fairview Properties Trust 2.50% 10-15-2031	600,000	745	761
Parkland Corp. of Canada 3.875% 06-16-2026	1,890,000	1,890	1,882
Parkland Corp. of Canada 4.375% 03-26-2029	3,330,000	3,330	3,311
Parkland Corp. of Canada 4.50% 10-01-2029 144A	2,860,000	3,601	3,627
Parkland Corp. of Canada 6.00% 06-23-2028	1,417,000	1,417	1,501
Pembina Pipeline Corp. 3.31% 02-01-2030	6,395,000	6,508	6,580
Pembina Pipeline Corp. 3.53% 12-10-2031	1,070,000	1,070	1,094
Pembina Pipeline Corp. 3.71% 08-11-2026	7,432,000	7,797	7,848
Pembina Pipeline Corp. 4.54% 04-03-2049	870,000	887	924
Pembina Pipeline Corp. 4.67% 05-28-2050	1,642,000	1,856	1,779
Pembina Pipeline Corp. 4.74% 01-21-2047	510,000	561	556
Pembina Pipeline Corp. 4.75% 03-26-2048	630,000	695	689
Pembina Pipeline Corp. 4.80% 01-25-2031	960,000	960	947
Pembina Pipeline Corp. 4.81% 03-25-2044	840,000	916	920
Reliance LP 2.67% 08-01-2028	3,224,000	3,238	3,222
Reliance LP 2.68% 12-01-2027	2,299,000	2,299	2,308
RioCan REIT 1.974% 06-15-2026	2,326,000	2,326	2,288
RioCan REIT 2.829% 11-08-2028	590,000	590	595
Rogers Communication Inc. 5.00% 12-17-2081	1,640,000	1,640	1,665
Royal Bank of Canada 1.67% 01-28-2033	4,026,000	3,981	3,851
Royal Bank of Canada 1.833% 07-31-2028	3,120,000	3,120	3,050
Royal Bank of Canada 2.088% 06-30-2030	1,408,000	1,408	1,408
Royal Bank of Canada 2.14% 11-03-2031	2,410,000	2,409	2,389

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Royal Bank of Canada 2.88% 12-23-2029	3,717,000	3,717	3,809
Royal Bank of Canada 3.65% 11-24-2081	2,390,000	2,391	2,317
Royal Bank of Canada 4.50% 11-24-2080	213,000	213	223
Russel Metals Inc. 5.75% 10-27-2025	1,639,000	1,639	1,721
Sagen MI Canada Inc. 3.261% 03-05-2031	2,624,000	2,607	2,657
Sagen MI Canada Inc. 4.95% 03-24-2081	910,000	910	918
Saputo Inc. 1.415% 06-19-2026	2,939,000	2,939	2,844
Saputo Inc. 2.242% 06-16-2027	1,889,000	1,889	1,880
Saputo Inc. 2.297% 06-22-2028	710,000	710	703
Shaw Communications Inc. 2.90% 12-09-2030	4,013,000	4,067	3,968
Shaw Communications Inc. 3.80% 03-01-2027	4,441,000	4,515	4,695
Shaw Communications Inc. 6.75% 11-09-2039	3,103,000	3,949	4,153
Sienna Senior Living Inc. 2.82% 03-31-2027	480,000	480	485
SmartCentres REIT 3.192% 06-11-2027	1,027,000	1,027	1,059
SmartCentres REIT 3.444% 08-28-2026	2,172,000	2,300	2,268
Sobeys Inc. 4.70% 08-08-2023	1,248,000	1,341	1,301
Stantec Inc. 2.048% 10-08-2027	1,708,000	1,708	1,675
Summit Industrial Income REIT 1.82% 04-01-2026	688,000	688	676
Summit Industrial Income REIT 2.15% 09-17-2025	82,000	82	82
Summit Industrial Income REIT 2.25% 01-12-2027	2,875,000	2,879	2,861
Summit Industrial Income REIT 2.44% 07-14-2028	710,000	710	703
Sun Life Financial Inc. 2.06% 10-01-2035	2,887,000	2,885	2,760
Sun Life Financial Inc. 2.38% 08-13-2029	6,330,000	6,330	6,423
Sun Life Financial Inc. 2.58% 05-10-2032	1,156,000	1,156	1,176
Sun Life Financial Inc. 2.80% 11-21-2033	2,690,000	2,689	2,751
Sun Life Financial Inc. 3.60% 06-30-2081	1,650,000	1,650	1,623
Sun Life Financial Inc. 5.40% 05-29-2042	5,434,000	5,986	6,933
Suncor Energy Inc. 3.10% 05-24-2029	10,394,000	10,571	10,697
Suncor Energy Inc. 3.95% 03-04-2051	1,780,000	1,749	1,798
Superior Plus LP 4.25% 05-18-2028	3,260,000	3,268	3,287
TELUS Corp. 2.05% 10-07-2030	2,650,000	2,502	2,508
TELUS Corp. 2.85% 11-13-2031	2,884,000	2,863	2,876
TELUS Corp. 3.15% 02-19-2030	1,264,000	1,330	1,308
TELUS Corp. 3.30% 05-02-2029	6,934,000	7,051	7,269
TELUS Corp. 3.625% 03-01-2028	1,946,000	1,926	2,076
TELUS Corp. 3.95% 02-16-2050	1,066,000	1,117	1,089
TELUS Corp. 4.85% 04-05-2044	4,726,000	5,897	5,448

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Teranet Holdings LP 3.544% 06-11-2025	4,093,000	4,093	4,280
The Bank of Nova Scotia 1.40% 11-01-2027	6,271,000	6,173	6,017
The Bank of Nova Scotia 1.85% 11-02-2026	2,810,000	2,809	2,781
The Bank of Nova Scotia 3.70% 07-27-2081	2,950,000	2,950	2,885
The Empire Life Insurance Co. 3.625% 04-17-2026	699,000	699	690
The Independent Order of Foresters 2.885% 10-15-2035	1,627,000	1,628	1,644
The Toronto-Dominion Bank 1.888% 03-08-2028	7,170,000	7,170	7,058
The Toronto-Dominion Bank 1.943% 03-13-2025	1,779,000	1,779	1,787
The Toronto-Dominion Bank 3.06% 01-26-2032	1,140,000	1,207	1,179
The Toronto-Dominion Bank 3.105% 04-22-2030	3,157,000	3,193	3,260
The Toronto-Dominion Bank 3.60% 10-31-2081	3,390,000	3,390	3,292
Thomson Reuters Corp. 2.239% 05-14-2025	2,733,000	2,733	2,762
TMX Group Ltd. 2.016% 02-12-2031	840,000	840	814
Toronto Hydro Corp. 2.47% 10-20-2031	600,000	600	608
Tourmaline Oil Corp. 2.077% 01-25-2028	627,000	627	611
Tourmaline Oil Corp. 2.529% 02-12-2029	720,000	720	714
Toyota Credit Canada Inc. 1.18% 02-23-2026	1,420,000	1,420	1,380
TransCanada PipeLines Ltd. 3.30% 07-17-2025	6,426,000	6,617	6,701
TransCanada PipeLines Ltd. 3.39% 03-15-2028	7,065,000	7,330	7,418
TransCanada PipeLines Ltd. 3.80% 04-05-2027	3,307,000	3,481	3,534
TransCanada PipeLines Ltd. 4.18% 07-03-2048	2,958,000	3,195	3,091
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	4,645,000	4,625	4,784
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	2,790,000	2,790	2,794
TransCanada Trust 4.20% 03-04-2081	3,302,000	3,302	3,256
Transcontinental Inc. 2.28% 07-13-2026	490,000	490	488
Union Gas Ltd. 3.80% 06-01-2046	4,005,000	4,224	4,499
Vancouver Airport Authority 1.76% 09-20-2030	2,042,000	2,042	1,970
Ventas Canada Finance Ltd. 2.45% 01-04-2027	1,180,000	1,178	1,187
Ventas Canada Finance Ltd. 2.80% 04-12-2024	1,088,000	1,088	1,111
Ventas Canada Finance Ltd. 3.30% 12-01-2031	1,290,000	1,286	1,314
Ventas Canada Inc. 4.125% 09-30-2024	6,351,000	6,665	6,696
Videotron Ltd. 3.125% 01-15-2031	500,000	500	459

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Videotron Ltd. 4.50% 01-15-2030	3,874,000	3,874	3,971
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	1,900,000	1,900	1,871
Waste Management of Canada Corp. 2.60% 09-23-2026	4,049,000	4,050	4,159
WSP Global Inc. 2.408% 04-19-2028	2,212,000	2,222	2,207
Total Corporate - Non-convertible		632,904	642,744
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	80,000	98	101
Total Corporate - Convertible		98	101
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	830,000	334	334
Total Mortgage Backed		334	334
Total Canadian Bonds		674,517	685,998
United States Bonds			
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	395,000	503	480
AT&T Inc. Floating Rate 03-25-2024	800,000	1,000	1,012
Athene Global Funding Floating Rate 04-09-2024	3,350,000	3,350	3,358
Bank of America Corp. 1.978% 09-15-2027	1,371,000	1,364	1,354
Bank of America Corp. 2.598% 04-04-2029	2,068,000	2,071	2,089
Bank of America Corp. 3.407% 09-20-2025	2,148,000	2,148	2,235
Bank of America Corp. Floating Rate 09-15-2027	1,870,000	1,870	1,882
BlueLinx 6.00% 11-15-2029	75,000	92	95
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 3.50% 06-01-2041	770,000	972	952
DIRECTV Holdings LLC/DIRECTV Financing Co. 5.875% 08-15-2027 144A	129,000	162	167
Fairfax India Holdings Corp. 5.00% 02-26-2028 144A	670,000	838	848
Ford Motor Co. 3.25% 02-12-2032	4,369,000	5,522	5,663
Go Daddy Operating Co. LLC/GD Finance Co. Inc. 3.50% 03-01-2029 144A	15,000	18	19
Goldman Sachs Group Inc. Floating Rate 04-29-2025	4,110,000	4,111	4,120
JPMorgan Chase & Co. 1.896% 03-05-2028	3,600,000	3,600	3,542

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Manulife Finance (Delaware) LP 5.059% 12-15-2041	7,108,000	7,176	8,684
Mastercard Inc. 1.90% 03-15-2031	720,000	908	911
Mav Acquisition Corp. 5.75% 08-01-2028 144A	190,000	239	239
McDonald's Corp. 3.125% 03-04-2025	4,141,000	4,156	4,310
Nestle Holdings Inc. 2.192% 01-26-2029	1,430,000	1,430	1,446
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	910,000	1,095	1,143
Rackspace Technology Global Inc. 3.50% 02-15-2028 144A	20,000	24	24
Switch Ltd. 3.75% 09-15-2028 144A	45,000	56	58
Tenet Healthcare Corp. 4.375% 01-15-2030 144A	110,000	138	141
The Estee Lauder Companies Inc. 1.95% 03-15-2031	1,200,000	1,510	1,500
The Goldman Sachs Group Inc. 2.013% 02-28-2028	3,620,000	3,620	3,529
The Goldman Sachs Group Inc. 2.599% 11-30-2027	2,680,000	2,680	2,713
Univision Communications Inc. 4.50% 05-01-2029 144A	166,000	201	213
Verizon Communications Inc. 2.375% 03-22-2028	3,720,000	3,707	3,725
Verizon Communications Inc. 2.55% 03-21-2031	720,000	899	921
Verizon Communications Inc. 2.85% 09-03-2041	800,000	1,008	1,001
Verizon Communications Inc. 3.55% 03-22-2051	300,000	373	409
Verizon Communications Inc. Floating Rate 03-20-2026	1,020,000	1,277	1,304
Wells Fargo & Co. 3.90% 03-15-2026	725,000	923	939
Total Corporate - Non-convertible		59,041	61,026
Total United States Bonds		59,041	61,026
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	3,853,000	3,853	4,278
British Virgin Islands			
Easy Tactic Ltd. 11.75% 08-02-2023	1,600,000	1,282	765
Tianqi Finco Co. Ltd. 3.75% 11-28-2022	300,000	343	360
Cayman Islands			
Agile Group Holdings Ltd. 5.75% 01-02-2025	1,400,000	1,526	1,150
Alibaba Group Holding Ltd. 2.125% 02-09-2031	370,000	474	453
Alibaba Group Holding Ltd. 2.70% 02-09-2041	3,610,000	4,470	4,177
Baidu Inc. 2.375% 08-23-2031	1,440,000	1,814	1,758

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Global Bonds (continued)			
Cayman Islands (continued)			
Kaisa Group Holdings Ltd. 10.50% 09-07-2022	1,100,000	725	377
Kaisa Group Holdings Ltd. 8.50% 06-30-2022	600,000	244	205
Kaisa Group Holdings Ltd. 8.65% 07-22-2022	500,000	214	171
Logan Group Co. Ltd. 4.70% 07-06-2026	1,100,000	1,185	1,274
Chile			
Colbun SA 3.15% 01-19-2032	1,240,000	1,531	1,553
Interchile SA 4.50% 06-30-2056	630,000	803	851
Inversiones CMPC SA 3.00% 04-06-2031	540,000	674	673
Ireland			
Jazz Securities Designated Activity Co. 4.375% 01-15-2029 144A	200,000	250	262
Japan			
Renesas Electronics Corp. 1.543% 11-26-2024	1,080,000	1,361	1,362
Renesas Electronics Corp. 2.17% 11-25-2026	1,260,000	1,587	1,587
Toyota Motor Corp. 1.339% 03-25-2026	820,000	1,025	1,032
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	2,080,000	2,080	2,089
Heathrow Funding Ltd. 3.40% 03-08-2028	4,094,000	4,093	4,248
Heathrow Funding Ltd. 3.726% 04-13-2033	1,660,000	1,695	1,726
Heathrow Funding Ltd. 3.782% 09-04-2032	2,830,000	2,830	3,010
Luxembourg			
Altice Financing SA 5.75% 08-15-2029 144A	200,000	251	251
Aroundtown SA 4.625% 09-18-2025	4,231,000	4,214	4,495
Minerva Luxembourg SA 4.375% 03-18-2031	300,000	376	362
Mexico			
Becle SAB de CV 2.50% 10-14-2031	1,454,000	1,823	1,809

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Global Bonds (continued)			
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032 144A	500,000	624	635
United Kingdom			
National Grid Electricity Transmission PLC 2.301% 06-22-2029	2,170,000	2,170	2,157
Total Global Bonds		43,517	43,070
Total Bonds		777,075	790,094
Canadian Common Stock			
Exchange Traded Funds			
Mackenzie Emerging Markets Bond Index ETF *	46,718	4,512	4,414
Mackenzie Emerging Markets Local Currency Bond Index ETF *	208,039	19,264	17,734
Mackenzie Floating Rate Income ETF *	2,276,025	43,857	43,837
Total Canadian Common Stock		67,633	65,985
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	7,198	112	149
BCE Inc. 3.61% Preferred	12,794	199	267
BCE Inc. 4.13% Preferred	662	12	13
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	2,765	72	71
Energy			
TC Energy Corp. 4.90% Preferred	37,008	932	946
TransAlta Corp. 4.027% Preferred	2,140	40	43
Financials			
Brookfield Asset Management Inc. Preferred Conv. Series 46	7,092	180	179

*The issuer of this security is a related company to the issuer of the Fund.

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As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Canadian Preferred Stock (continued)			
Utilities			
Emera Inc. 4.25% Preferred	698	17	18
Emera Inc. 4.60% Preferred	7,080	177	178
TransAlta Corp. 2.709% Preferred	11,716	145	188
Total Canadian Preferred Stock		1,886	2,052
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Series 11 Preferred	15,675	393	400
Brookfield Renewable Partners LP 5.00% Series 13 Preferred	6,002	148	154
Total Global Common Stock		541	554
Total Stocks		70,060	68,591

Corporate Bond Fund 7.52PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
0.8062	January 14, 2022	United States Dollar	14,709	Canadian Dollar	14,426	283
1.2795	February 18, 2022	Canadian Dollar	3,399	United States Dollar	3,368	31
1.2666	March 11, 2022	Canadian Dollar	7,915	United States Dollar	7,907	8
Derivatives - Assets						322
1.2542	January 14, 2022	Canadian Dollar	920	United States Dollar	926	(6)
1.2441	January 14, 2022	Canadian Dollar	3,415	United States Dollar	3,459	(45)
1.2386	January 14, 2022	Canadian Dollar	3,008	United States Dollar	3,058	(50)
1.2383	January 14, 2022	Canadian Dollar	3,489	United States Dollar	3,548	(59)
1.2597	January 14, 2022	Canadian Dollar	26,228	United States Dollar	26,312	(84)
1.2328	February 11, 2022	Canadian Dollar	616	United States Dollar	629	(13)
1.2365	February 11, 2022	Canadian Dollar	1,376	United States Dollar	1,401	(25)
1.2317	February 11, 2022	Canadian Dollar	2,274	United States Dollar	2,323	(48)
1.2359	February 18, 2022	Canadian Dollar	1,962	United States Dollar	1,998	(36)
1.2569	February 18, 2022	Canadian Dollar	14,658	United States Dollar	14,731	(74)
1.2576	March 11, 2022	Canadian Dollar	1,925	United States Dollar	1,934	(9)
Derivatives - Liabilities						(449)
Total Forward Currency Contracts						(127)

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts		Maturity Date	Notional Amount	Price as at December 31		Unrealized Gain (Loss)
(1,185)	CAD	120.40	US 5YR NOTE 31/03/2022	March 31, 2022	CAD	143,357	CAD 120.98	(105)
(94)	CAD	193.16	US ULTRA BOND 31/03/2022	March 31, 2022	CAD	18,530	CAD 197.13	(186)
Derivatives - Liabilities								(291)
Total Futures Contracts								(291)

Total Derivative Instruments at Fair Value (418)

Transaction Costs (see notes to financial statements (note 2)) (20)

Total Investments 847,115 858,267

Corporate Bond Fund 7.52PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Corporate Bond Fund 7.52PIM (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Corporate Bond Fund 7.52PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021						
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders		
United States Dollar	\$ 2,435	\$ 1,316	\$ 3,751	\$		38
Total	\$ 2,435	\$ 1,316	\$ 3,751	\$		38
As Percent of Net Assets Attributable to Contractholders				0.4%		

*Includes both monetary and non-monetary instruments

The Fund had no significant exposure to foreign currency as at December 31, 2020.

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 4,259	\$ 179,853	\$ 354,191	\$ 251,791	\$	790,094
2020						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 19,546	\$ 299,045	\$ 325,449	\$ 290,993	\$	935,033

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$54,773 (\$63,592 at December 31, 2020) or approximately 6.2% (6.7% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

Corporate Bond Fund 7.52PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	0.4	0.4	0.2	0.1
AA	2.5	2.2	3.9	3.8
A	27.7	24.9	31.6	31.0
BBB	60.4	54.2	58.5	57.5
BB and lower	8.5	7.6	5.8	5.7
NR *	0.5	0.5	—	—
Total	100.0	89.8	100.0	98.1

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$686 (\$45 at December 31, 2020) or approximately 0.1% (0.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Corporate Bond Fund 7.52PIM
Notes to the Schedule of Investment Portfolio
(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 789,993	\$ 101	\$ 790,094
Stocks	68,591	—	—	68,591
Derivatives	—	322	—	322
Total assets measured at fair value	\$ 68,591	\$ 790,315	\$ 101	\$ 859,007
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ 291	\$ 449	\$ —	\$ 740
Net assets attributable to contractholders measured at fair value	\$ 68,300	\$ 789,866	\$ 101	\$ 858,267

⁽¹⁾ Excludes collateral pledged to counterparties of \$3,798.

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 935,033	\$ —	\$ 935,033
Stocks	4,522	—	—	4,522
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 4,522	\$ 935,033	\$ —	\$ 939,555

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021	2020
	Bonds	Bonds
Balance, beginning of year	\$ —	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	—	—
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	101	—
Transfers out of Level 3	—	—
Balance, end of year	\$ 101	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

Corporate Bond Fund 7.52PIM

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	4,983,676	4,493,189	4,692,167	4,408,073	4,218,695	69,381	63,654	61,108	53,067	50,398
75/75 guarantee policy	997,940	1,291,385	1,518,074	1,462,335	1,367,164	11,573	15,575	17,200	15,651	14,841
75/100 guarantee policy	3,996,258	4,982,298	5,751,579	5,581,767	4,649,801	45,906	59,586	64,693	59,376	50,221
100/100 guarantee policy	100,315	128,131	147,566	178,246	155,881	1,136	1,513	1,642	1,879	1,671
PS1 75/75 guarantee policy	708,739	818,694	923,692	877,507	730,817	8,628	10,305	10,860	9,691	8,139
PS1 75/100 guarantee policy	3,383,747	4,051,212	4,588,804	4,673,295	3,934,098	40,801	50,567	53,562	51,293	43,591
PS1 100/100 guarantee policy	69,964	96,417	141,635	107,376	79,601	832	1,188	1,635	1,168	875
PS2 75/75 guarantee policy	178,495	270,000	332,675	339,852	339,830	2,495	3,840	4,348	4,104	4,071
PS2 75/100 guarantee policy	652,069	862,838	965,945	958,170	925,911	9,116	12,271	12,624	11,571	11,092
PS2 100/100 guarantee policy	149,296	189,165	193,579	197,910	34,139	2,087	2,690	2,530	2,390	409
PS 75/75 guarantee policy	17,095	20,722	22,456	6,897	—	187	234	237	68	—
PS 75/100 guarantee policy	77,149	100,835	110,143	55,988	—	841	1,138	1,162	556	—
PS 100/100 guarantee policy	—	2,007	2,018	2,029	—	—	23	21	20	—
PPS 75/75 guarantee policy	18,201	14,732	83,300	729	—	203	169	888	7	—
PPS 75/100 guarantee policy	39,412	74,750	65,478	26,548	—	438	855	697	264	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	13.92	14.17	13.02	12.04	11.95	(0.25)	1.15
75/75 guarantee policy	11.60	12.06	11.33	10.70	10.86	(0.46)	0.73
75/100 guarantee policy	11.49	11.96	11.25	10.64	10.80	(0.47)	0.71
100/100 guarantee policy	11.32	11.81	11.13	10.54	10.72	(0.49)	0.68
PS1 75/75 guarantee policy	12.17	12.59	11.76	11.04	11.14	(0.42)	0.83
PS1 75/100 guarantee policy	12.06	12.48	11.67	10.98	11.08	(0.42)	0.81
PS1 100/100 guarantee policy	11.89	12.33	11.55	10.88	11.00	(0.44)	0.78
PS2 75/75 guarantee policy	13.98	14.22	13.07	12.08	11.98	(0.24)	1.15
PS2 75/100 guarantee policy	13.98	14.22	13.07	12.08	11.98	(0.24)	1.15
PS2 100/100 guarantee policy	13.98	14.22	13.07	12.08	11.98	(0.24)	1.15
PS 75/75 guarantee policy	10.94	11.31	10.57	9.93	—	(0.37)	0.74
PS 75/100 guarantee policy	10.90	11.28	10.55	9.92	—	(0.38)	0.73
PS 100/100 guarantee policy	—	11.23	10.52	9.91	—	—	0.71
PPS 75/75 guarantee policy	11.16	11.48	10.66	9.96	—	(0.32)	0.82
PPS 75/100 guarantee policy	11.12	11.44	10.64	9.95	—	(0.32)	0.80

Corporate Bond Fund 7.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Corporate Bond Fund 7.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Corporate Bond Fund 7.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Corporate Bond Fund 7.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Corporate Bond Fund 7.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Corporate Bond Fund 7.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Corporate Bond Fund 7.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Corporate Bond Fund 7.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Corporate Bond Fund 7.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Corporate Bond Fund 7.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Corporate Bond Fund 7.52PIM

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.21	2.21	2.21	2.22	2.21
75/100 guarantee policy	2.32	2.32	2.32	2.33	2.32
100/100 guarantee policy	2.49	2.49	2.50	2.50	2.49
PS1 75/75 guarantee policy	1.64	1.63	1.64	1.64	1.63
PS1 75/100 guarantee policy	1.75	1.75	1.75	1.75	1.75
PS1 100/100 guarantee policy	1.92	1.92	1.92	1.92	1.92
PS 75/75 guarantee policy	1.65	1.64	1.65	1.64	—
PS 75/100 guarantee policy	1.76	1.76	1.76	1.75	—
PS 100/100 guarantee policy	—	1.93	1.93	1.92	—
PPS 75/75 guarantee policy	1.07	1.08	1.06	1.07	—
PPS 75/100 guarantee policy	1.19	1.18	1.19	1.18	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	60.31	39.02	24.50	14.82	19.69

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

AMERICAN GROWTH FUND 2.34A

December 31, 2021

Independent Auditor's Report

To the Contractholders of American Growth Fund 2.34A (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

American Growth Fund 2.34A

(in Canadian \$ thousands)

Fund Manager: AGF Investments Inc.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 145,418	\$ 42,973
Investment income due and accrued	143	71
Due from The Canada Life Assurance Company (note 7)	914	412
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	1,588,875	1,367,491
Investment fund units	—	—
Total investments	1,588,875	1,367,491
Total assets	\$ 1,735,350	\$ 1,410,947
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 1,735,350	\$ 1,410,947

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 359,720	\$ 457,937
Miscellaneous income (loss)	(693)	(2,713)
Total income	359,027	455,224
Expenses		
Management fees (note 7)	8,308	6,194
Transaction costs	459	739
Withholding taxes	2,530	1,194
Other	929	703
Total expenses	12,226	8,830
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 346,801	\$ 446,394

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 1,410,947	\$ 1,105,560
Contractholder deposits	258,139	201,612
Contractholder withdrawals	(280,537)	(342,619)
Increase (decrease) in net assets from operations attributable to contractholders	346,801	446,394
Change in net assets attributable to contractholders	324,403	305,387
Net assets attributable to contractholders - end of year	\$ 1,735,350	\$ 1,410,947

American Growth Fund 2.34A

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 346,801	\$ 446,394
Adjustments		
Realized (gains) losses	(201,837)	(322,889)
Unrealized (gains) losses	(140,368)	(127,085)
Gross proceeds of disposition of investments	898,796	1,333,723
Gross payments for the purchase of investments	(777,975)	(1,210,523)
Change in investment income due and accrued	(72)	(69)
Change in due from/to The Canada Life Assurance Company	(502)	154
	124,843	119,705
Financing Activities		
Contractholder deposits	258,139	201,612
Contractholder withdrawals	(280,537)	(342,619)
	(22,398)	(141,007)
Net increase (decrease) in cash, short-term deposits and overdrafts	102,445	(21,302)
Cash, short-term deposits and overdrafts, beginning of year	42,973	64,275
Cash, short-term deposits and overdrafts, end of year	\$ 145,418	\$ 42,973
Supplementary cash flow information		
Dividend income received	\$ 17,410	\$ 7,746

American Growth Fund 2.34A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Consumer Discretionary			
Amazon.com Inc.	24,626	35,500	103,874
Hilton Worldwide Holdings Inc.	351,118	46,423	69,286
Roku Inc.	59,739	11,021	17,245
Tapestry Inc.	540,660	31,143	27,768
Ulta Beauty Inc.	71,222	22,330	37,151
Consumer Staples			
Constellation Brands Inc. Class A	177,075	48,214	56,218
Energy			
Cheniere Energy Inc.	546,000	52,721	69,851
Marathon Petroleum Corp.	652,462	35,683	52,816
Valero Energy Corp.	488,151	40,770	46,382
Financials			
Ameriprise Financial Inc.	168,215	49,887	64,192
Morgan Stanley	529,040	44,619	65,693
Primerica Inc.	208,118	30,119	40,352
The Blackstone Group Inc.	242,819	21,375	39,745
The Goldman Sachs Group Inc.	111,934	35,748	54,169
Health Care			
Laboratory Corp. of America Holdings	96,602	29,548	38,398
UnitedHealth Group Inc.	119,771	37,262	76,081
Industrials			
Cintas Corp.	82,415	38,630	46,203
Jacobs Engineering Group Inc.	135,842	14,984	23,926
Parker Hannifin Corp.	90,145	34,518	36,277
W.W. Grainger Inc.	68,913	31,632	45,178
Information Technology			
Advanced Micro Devices Inc.	252,258	16,147	45,920
Applied Materials Inc.	224,944	36,027	44,778
Corning Inc.	398,320	21,825	18,760
Lam Research Corp.	42,909	30,138	39,036
Marvell Technology Inc.	478,580	38,306	52,968

American Growth Fund 2.34A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Information Technology (continued)			
NVIDIA Corp.	171,359	22,003	63,755
Palo Alto Networks Inc.	65,425	40,666	46,084
Qualcomm Inc.	293,437	52,696	67,882
Teradyne Inc.	203,691	25,307	42,135
Materials			
Albemarle Corp.	171,008	34,313	50,571
Corteva Inc.	580,872	27,642	34,742
Utilities			
The AES Corp.	1,139,394	33,426	35,025
Total United States Common Stock		1,070,623	1,552,461
Global Common Stock			
Tokelau			
Sony Group Corp. ADR	227,732	27,434	36,414
Total Global Common Stock		27,434	36,414
Total Stocks		1,098,057	1,588,875
Transaction Costs (see notes to financial statements (note 2))		(348)	
Total Investments		1,097,709	1,588,875

American Growth Fund 2.34A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the American Growth Fund 2.34A (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 1,588,875	\$ 144,137	\$ 1,733,012	\$ 17,330
Total	\$ 1,588,875	\$ 144,137	\$ 1,733,012	\$ 17,330
As Percent of Net Assets Attributable to Contractholders			99.9%	1.0%

*Includes both monetary and non-monetary instruments

American Growth Fund 2.34A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 1,367,491	\$ 2,864	\$ 1,370,355	\$ 13,704
Total	\$ 1,367,491	\$ 2,864	\$ 1,370,355	\$ 13,704
As Percent of Net Assets Attributable to Contractholders			97.1%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$15,889 (\$13,675 at December 31, 2020) or approximately 0.9% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,588,875	\$ —	\$ —	\$ 1,588,875
Total assets measured at fair value	\$ 1,588,875	\$ —	\$ —	\$ 1,588,875

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,367,491	\$ —	\$ —	\$ 1,367,491
Total assets measured at fair value	\$ 1,367,491	\$ —	\$ —	\$ 1,367,491

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

American Growth Fund 2.34A

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	829,276	767,745	720,959	798,405	734,340	380,598	284,662	181,669	175,268	152,732
Individual	1,177,916	1,387,795	1,723,983	2,111,037	2,285,298	34,054	33,488	29,210	32,196	34,134
75/75 guarantee policy	295,488	343,904	381,025	433,254	427,740	17,450	16,906	13,117	13,389	12,916
75/100 guarantee policy	915,438	1,059,986	1,242,754	1,402,856	1,253,132	52,803	51,032	42,010	42,687	37,344
100/100 guarantee policy	55,371	64,469	69,693	83,536	78,592	3,049	2,974	2,266	2,454	2,270
PS1 75/75 guarantee policy	292,086	233,228	226,477	287,037	210,085	14,128	9,353	6,335	7,179	5,110
PS1 75/100 guarantee policy	834,469	788,881	843,549	936,873	786,251	39,289	30,881	23,095	22,999	18,824
PS1 100/100 guarantee policy	43,773	33,643	33,649	36,206	34,464	1,986	1,274	895	867	808
PS2 75/75 guarantee policy	60,998	54,402	62,143	81,022	68,618	3,803	2,739	2,125	2,413	1,936
PS2 75/100 guarantee policy	101,870	82,373	89,377	110,387	83,799	6,350	4,147	3,057	3,288	2,364
PS 75/75 guarantee policy	8,762	6,611	7,788	12,471	—	152	94	77	109	—
PS 75/100 guarantee policy	18,356	15,564	35,602	14,152	—	315	220	350	124	—
PPS 75/75 guarantee policy	1,492	5,346	6,536	19,371	—	26	77	65	170	—
PPS 75/100 guarantee policy	34,284	21,550	35,503	16,574	—	596	308	351	145	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	458.95	370.78	251.98	219.52	207.99	88.17	118.80
Individual	28.91	24.13	16.94	15.25	14.94	4.78	7.19
75/75 guarantee policy	59.05	49.16	34.42	30.90	30.20	9.89	14.74
75/100 guarantee policy	57.68	48.14	33.80	30.43	29.80	9.54	14.34
100/100 guarantee policy	55.06	46.14	32.52	29.38	28.89	8.92	13.62
PS1 75/75 guarantee policy	48.37	40.10	27.97	25.01	24.32	8.27	12.13
PS1 75/100 guarantee policy	47.08	39.15	27.38	24.55	23.94	7.93	11.77
PS1 100/100 guarantee policy	45.36	37.86	26.59	23.93	23.43	7.50	11.27
PS2 75/75 guarantee policy	62.34	50.34	34.20	29.78	28.21	12.00	16.14
PS2 75/100 guarantee policy	62.34	50.34	34.20	29.78	28.21	12.00	16.14
PS 75/75 guarantee policy	17.31	14.25	9.87	8.76	—	3.06	4.38
PS 75/100 guarantee policy	17.15	14.16	9.83	8.75	—	2.99	4.33
PPS 75/75 guarantee policy	17.56	14.39	9.93	8.78	—	3.17	4.46
PPS 75/100 guarantee policy	17.38	14.29	9.89	8.76	—	3.09	4.40

American Growth Fund 2.34A

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

American Growth Fund 2.34A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

American Growth Fund 2.34A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

American Growth Fund 2.34A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

American Growth Fund 2.34A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

American Growth Fund 2.34A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

American Growth Fund 2.34A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

American Growth Fund 2.34A

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

American Growth Fund 2.34A

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

American Growth Fund 2.34A

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.30	3.30	3.32	3.35	3.39
75/75 guarantee policy	3.03	3.03	3.05	3.12	3.22
75/100 guarantee policy	3.30	3.30	3.32	3.35	3.38
100/100 guarantee policy	3.68	3.68	3.70	3.73	3.76
PS1 75/75 guarantee policy	2.62	2.63	2.64	2.65	2.64
PS1 75/100 guarantee policy	2.91	2.91	2.92	2.93	2.92
PS1 100/100 guarantee policy	3.29	3.30	3.32	3.33	3.31
PS 75/75 guarantee policy	1.91	1.91	1.92	1.92	—
PS 75/100 guarantee policy	2.18	2.19	2.19	2.19	—
PPS 75/75 guarantee policy	1.52	1.51	1.52	1.52	—
PPS 75/100 guarantee policy	1.79	1.79	1.80	1.80	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	48.68	106.38	55.18	74.21	54.04

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
SHORT TERM BOND FUND 7.51PIM

December 31, 2021

Independent Auditor's Report

To the Contractholders of Short Term Bond Fund 7.51PIM (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Short Term Bond Fund 7.51PIM

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 3,304	\$ 441
Investment income due and accrued	151	209
Due from The Canada Life Assurance Company (note 8)	23	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	39,995	45,835
Stocks	415	—
Investment fund units	—	—
Total investments	40,410	45,835
Total assets	\$ 43,888	\$ 46,485
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	1
Due to brokers	1,036	—
Derivatives (note 7)	—	—
Total liabilities excluding net assets attributable to contractholders	1,036	1
Net assets attributable to contractholders	\$ 42,852	\$ 46,484

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (65)	\$ 2,613
Miscellaneous income (loss)	17	12
Total income	(48)	2,625
Expenses		
Management fees (note 8)	324	271
Transaction costs	1	—
Withholding taxes	—	—
Other	42	34
Total expenses	367	305
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (415)	\$ 2,320

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 46,484	\$ 47,607
Contractholder deposits	7,740	5,692
Contractholder withdrawals	(10,957)	(9,135)
Increase (decrease) in net assets from operations attributable to contractholders	(415)	2,320
Change in net assets attributable to contractholders	(3,632)	(1,123)
Net assets attributable to contractholders - end of year	\$ 42,852	\$ 46,484

Short Term Bond Fund 7.51PIM

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (415)	\$ 2,320
Adjustments		
Realized (gains) losses	(353)	(541)
Unrealized (gains) losses	1,298	(965)
Gross proceeds of disposition of investments	26,982	39,505
Gross payments for the purchase of investments	(22,502)	(36,865)
Change in investment income due and accrued	58	37
Change in due from/to The Canada Life Assurance Company	(24)	96
Change in due from/to brokers	1,036	—
	6,080	3,587
Financing Activities		
Contractholder deposits	7,740	5,692
Contractholder withdrawals	(10,957)	(9,135)
	(3,217)	(3,443)
Net increase (decrease) in cash, short-term deposits and overdrafts	2,863	144
Cash, short-term deposits and overdrafts, beginning of year	441	297
Cash, short-term deposits and overdrafts, end of year	\$ 3,304	\$ 441
Supplementary cash flow information		
Interest income received	\$ 905	\$ 1,144
Dividends received	28	—

Short Term Bond Fund 7.51PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 0.95% 06-15-2025	638,000	638	629
Canada Housing Trust No. 1 1.80% 12-15-2024	1,602,000	1,636	1,625
Canada Housing Trust No. 1 1.95% 12-15-2025	875,000	919	892
Canada Housing Trust No. 1 2.90% 06-15-2024	380,000	406	395
Canada Housing Trust No. 1 Floating Rate 09-15-2026	2,200,000	2,200	2,206
Government of Canada 0.50% 11-01-2023	1,044,000	1,035	1,037
Government of Canada 0.75% 10-01-2024	1,492,000	1,469	1,479
Government of Canada 1.00% 09-01-2026	1,997,000	1,962	1,975
Government of Canada 1.50% 06-01-2031	33,000	33	33
Total Federal Government		10,298	10,271
Provincial Governments			
Province of Alberta 2.35% 06-01-2025	405,000	433	417
Province of Newfoundland and Labrador 1.25% 06-02-2027	207,000	207	202
Province of Ontario 1.55% 11-01-2029	259,000	258	253
Province of Quebec 2.25% 02-22-2024	521,000	534	533
Province of Quebec 3.75% 09-01-2024	84,000	92	89
Province of Saskatchewan 0.80% 09-02-2025	485,000	484	473
Total Provincial Governments		2,008	1,967
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	154,000	154	155
AIMCo Realty Investors LP 2.195% 11-04-2026	34,000	34	34
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	2,000	2	2
Algonquin Power Co. 2.85% 07-15-2031	8,000	8	8
Allied Properties REIT 1.726% 02-12-2026	16,000	16	16
AltaGas Ltd. 2.157% 06-10-2025	42,000	42	42
AltaGas Ltd. 2.166% 03-16-2027	6,000	6	6
ARC Resources Ltd. 2.354% 03-10-2026	50,000	50	50
ARC Resources Ltd. 3.465% 03-10-2031	10,000	10	10
Bank of Montreal 1.551% 05-28-2026	64,000	64	63
Bank of Montreal 1.758% 03-10-2026	129,000	129	128
Bank of Montreal 1.928% 07-22-2031	56,000	56	55
Bank of Montreal 2.077% 06-17-2030	24,000	25	24
Bank of Montreal 2.37% 02-03-2025	137,000	141	139

Short Term Bond Fund 7.51PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
BCI QuadReal Realty 1.056% 03-12-2024	32,000	32	32
BCI QuadReal Realty 1.073% 02-04-2026	41,000	41	40
BCIMC Realty Corp. 2.15% 08-11-2022	557,000	553	562
Bell Canada Inc. 2.20% 05-29-2028	9,000	9	9
Bell Canada Inc. 3.35% 03-12-2025	42,000	41	44
BMW Canada Inc. 0.99% 01-14-2025	28,000	28	27
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	6,000	7	6
Brookfield Renewable Energy Partners LP 3.752% 06-02-2025	28,000	31	30
Canada Housing Trust No. 1 Floating Rate 03-15-2026	320,000	321	321
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2,000,000	2,015	2,014
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1,040,000	1,038	1,006
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	119,000	119	117
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	40,000	40	39
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	48,000	48	50
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	138,000	138	138
Canadian Imperial Bank of Commerce Floating Rate 06-10-2024	136,000	136	136
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	85,000	85	85
Canadian Natural Resources Ltd. 1.45% 11-16-2023	314,000	314	313
Canadian Natural Resources Ltd. 3.55% 06-03-2024	195,000	206	202
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	18,000	18	18
Canadian Western Bank 1.57% 09-14-2023	35,000	35	35
Canadian Western Bank 1.926% 04-16-2026	57,000	57	57
Canadian Western Bank 2.606% 01-30-2025	22,000	23	22
Canadian Western Bank Floating Rate 01-22-2024	91,000	91	91
Capital Power Corp. 4.284% 09-18-2024	44,000	49	47
CDP Financial Inc. 1.50% 10-19-2026	93,000	93	93
Central 1 Credit Union 2.391% 06-30-2031	136,000	136	135
CGI Inc. 2.10% 09-18-2028	5,000	5	5
CHIP Mortgage Trust 1.503% 11-15-2024	24,000	24	24
Choice Properties REIT 2.456% 11-30-2026	19,000	19	19
Coast Capital Savings Federal Credit Union 5.00% 05-03-2028	174,000	179	181
Coast Capital Savings Federal Credit Union 5.25% 10-29-2030	152,000	157	167
Cogeco Communications Inc. 2.991% 09-22-2031	6,000	6	6
Crombie REIT 3.133% 08-12-2031	4,000	4	4
Daimler Canada Finance Inc. 1.65% 09-22-2025	164,000	164	162
Daimler Trucks Finance Canada 2.14% 12-13-2024	233,000	233	234
Dream Industrial REIT 1.662% 12-22-2025	23,000	23	23

Short Term Bond Fund 7.51PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Dream Industrial REIT 2.057% 06-17-2027	6,000	6	6
Dream Industrial REIT 2.539% 12-07-2026	26,000	26	26
Eagle Credit Card Trust 1.546% 06-17-2026	63,000	63	62
Eagle Credit Card Trust 2.631% 10-17-2022	319,000	320	323
Enbridge Inc. 2.44% 06-02-2025	158,000	158	160
Enbridge Inc. 3.10% 09-21-2033	12,000	12	12
Enbridge Inc. 5.375% 09-27-2077	90,000	97	95
EPCOR Utilities Inc. 1.299% 05-19-2023	200,000	200	200
Equitable Bank 1.774% 09-21-2023	425,000	425	426
Equitable Bank 1.876% 11-26-2025	500,000	491	491
Equitable Bank 2.948% 09-26-2022	116,000	116	118
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	19,000	19	20
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	380,000	380	367
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	36,000	36	35
Fortified Trust 1.964% 10-23-2026	79,000	79	79
Glacier Credit Card Trust 3.29% 09-20-2022	890,000	910	900
Glacier Credit Card Trust 3.43% 06-06-2024	521,000	521	532
Glacier Credit Card Trust 4.138% 09-20-2023	106,000	106	109
Granite REIT Holdings LP 2.194% 08-30-2028	8,000	8	8
H&R REIT 2.633% 02-19-2027	10,000	10	10
H&R REIT 2.906% 06-02-2026	43,000	43	44
Honda Canada Finance Inc. 1.337% 03-17-2026	50,000	50	49
Honda Canada Finance Inc. 1.646% 02-25-2028	10,000	10	10
Honda Canada Finance Inc. Floating Rate 02-26-2024	72,000	72	72
Hydro One Inc. 2.23% 09-17-2031	11,000	11	11
Hyundai Capital Canada Inc. 2.008% 05-12-2026	33,000	33	33
Intact Financial Corp. 2.179% 05-18-2028	7,000	7	7
Intact Financial Corp. 4.125% 03-31-2081	13,000	13	13
Inter Pipeline Ltd. 2.608% 09-13-2023	91,000	92	92
Inter Pipeline Ltd. 3.173% 03-24-2025	100,000	102	102
John Deere Financial Inc. 1.63% 04-09-2026	3,000	3	3
John Deere Financial Inc. 2.41% 01-14-2025	160,000	163	163
Laurentian Bank of Canada 1.15% 06-03-2024	43,000	43	42
Laurentian Bank of Canada 1.603% 05-06-2026	13,000	13	13
Laurentian Bank of Canada 1.95% 03-17-2025	164,000	164	164
Lower Mattagami Energy LP 2.433% 05-14-2031	9,000	9	9
Lower Mattagami Energy LP 3.42% 06-20-2024	223,000	239	233

Short Term Bond Fund 7.51PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Manulife Bank of Canada 1.536% 09-14-2026	55,000	55	54
Manulife Bank of Canada 2.844% 01-12-2023	318,000	318	324
Manulife Financial Corp. 3.049% 08-20-2029	224,000	232	231
Manulife Financial Corp. 4.10% 03-19-2082	42,000	42	42
Master Credit Card Trust II 3.056% 01-21-2022	1,159,000	1,155	1,161
MCAP Commercial LP 3.743% 08-25-2025	310,000	317	321
MCAP Commercial LP 4.151% 06-17-2024	261,000	261	271
Morgan Stanley Floating Rate 03-21-2025	146,000	146	146
National Bank of Canada 1.534% 06-15-2026	34,000	34	33
National Bank of Canada 1.573% 08-18-2026	101,000	101	100
National Bank of Canada 1.957% 06-30-2022	280,000	280	282
National Bank of Canada 2.237% 11-04-2026	48,000	48	48
National Bank of Canada 2.983% 03-04-2024	39,000	40	40
National Bank of Canada 3.183% 02-01-2028	435,000	451	443
North West Redwater Partnership 2.80% 06-01-2027	13,000	13	13
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	17,000	17	17
OMERS Realty Corp. 1.298% 09-22-2023	112,000	112	112
Ontario Power Generation Inc. 2.893% 04-08-2025	396,000	408	411
Pembina Pipeline Corp. 2.56% 06-01-2023	1,290,000	1,301	1,309
Pembina Pipeline Corp. 2.99% 01-22-2024	27,000	28	28
Pembina Pipeline Corp. 3.71% 08-11-2026	476,000	502	503
Prime Structured Mortgage Trust 1.856% 11-15-2024	52,000	52	52
Reliance LP 2.67% 08-01-2028	9,000	9	9
Reliance LP 2.68% 12-01-2027	107,000	107	107
Reliance LP 3.75% 03-15-2026	130,000	130	137
RioCan REIT 1.974% 06-15-2026	311,000	311	306
RioCan REIT 2.576% 02-12-2025	304,000	302	309
RioCan REIT 2.829% 11-08-2028	3,000	3	3
Rogers Communications Inc. 4.00% 06-06-2022	420,000	448	426
Royal Bank of Canada 1.67% 01-28-2033	17,000	17	16
Royal Bank of Canada 1.833% 07-31-2028	18,000	18	18
Royal Bank of Canada 2.14% 11-03-2031	69,000	69	68
Royal Bank of Canada 2.352% 07-02-2024	200,000	199	203
Royal Bank of Canada 2.609% 11-01-2024	210,000	218	215
Royal Bank of Canada 2.74% 07-25-2029	324,000	331	331
Royal Bank of Canada 2.88% 12-23-2029	89,000	89	91
Royal Bank of Canada 3.65% 11-24-2081	68,000	68	66

Short Term Bond Fund 7.51PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Royal Bank of Canada 4.50% 11-24-2080	76,000	76	80
Sagen MI Canada Inc. 3.261% 03-05-2031	8,000	8	8
Sagen MI Canada Inc. 4.95% 03-24-2081	29,000	29	29
Saputo Inc. 1.415% 06-19-2026	112,000	112	108
Saputo Inc. 1.939% 06-13-2022	867,000	861	871
Saputo Inc. 2.297% 06-22-2028	4,000	4	4
Shaw Communications Inc. 3.80% 11-02-2023	212,000	228	220
Sienna Senior Living Inc. 2.82% 03-31-2027	3,000	3	3
Sienna Senior Living Inc. 3.109% 11-04-2024	52,000	52	53
Sienna Senior Living Inc. 3.45% 02-27-2026	188,000	188	195
Summit Industrial Income REIT 1.82% 04-01-2026	116,000	116	114
Summit Industrial Income REIT 2.15% 09-17-2025	106,000	106	106
Summit Industrial Income REIT 2.25% 01-12-2027	5,000	5	5
Summit Industrial Income REIT 2.44% 07-14-2028	4,000	4	4
Sun Life Financial Inc. 2.06% 10-01-2035	224,000	224	214
Sun Life Financial Inc. 2.38% 08-13-2029	234,000	231	237
Sun Life Financial Inc. 2.75% 11-23-2027	454,000	453	460
Sun Life Financial Inc. 2.80% 11-21-2033	15,000	15	15
Sun Life Financial Inc. 3.60% 06-30-2081	47,000	47	46
TELUS Corp. 2.85% 11-13-2031	6,000	6	6
TELUS Corp. 3.15% 02-19-2030	14,000	15	14
The Bank of Nova Scotia 1.40% 11-01-2027	33,000	32	32
The Bank of Nova Scotia 2.16% 02-03-2025	50,000	52	51
The Bank of Nova Scotia 2.29% 06-28-2024	254,000	248	259
The Bank of Nova Scotia 2.38% 05-01-2023	563,000	569	571
The Bank of Nova Scotia 2.49% 09-23-2024	210,000	213	214
The Bank of Nova Scotia 3.70% 07-27-2081	17,000	17	17
The Bank of Nova Scotia Floating Rate 08-04-2026	102,000	102	102
The Empire Life Insurance Co. 3.625% 04-17-2026	5,000	5	5
The Empire Life Insurance Co. 3.664% 03-15-2028 variable voting	708,000	721	726
The Toronto-Dominion Bank 1.888% 03-08-2028	43,000	43	42
The Toronto-Dominion Bank 1.896% 09-11-2028	20,000	20	20
The Toronto-Dominion Bank 2.496% 12-02-2024	105,000	105	107
The Toronto-Dominion Bank 3.105% 04-22-2030	585,000	601	604
The Toronto-Dominion Bank 3.60% 10-31-2081	52,000	52	50
TMX Group Ltd. 2.016% 02-12-2031	5,000	5	5
Tourmaline Oil Corp. 2.077% 01-25-2028	4,000	4	4

Short Term Bond Fund 7.51PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Tourmaline Oil Corp. 2.529% 02-12-2029	4,000	4	4
Toyota Credit Canada Inc. 1.18% 02-23-2026	40,000	40	39
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	230,000	241	237
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	95,000	95	95
TransCanada Trust 4.20% 03-04-2081	26,000	26	26
Transcontinental Inc. 2.28% 07-13-2026	14,000	14	14
Ventas Canada Finance Ltd. 2.45% 01-04-2027	34,000	34	34
Ventas Canada Finance Ltd. 3.30% 12-01-2031	7,000	7	7
WSP Global Inc. 2.408% 04-19-2028	11,000	11	11
Total Corporate - Non-convertible		26,581	26,579
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	30,000	12	12
Total Mortgage Backed		12	12
Total Canadian Bonds		38,899	38,829
United States Bonds			
Corporate - Non-convertible			
Amazon.com Inc. 0.25% 05-12-2023	117,000	142	147
AT&T Inc. Floating Rate 03-25-2024	29,000	36	37
Athene Global Funding Floating Rate 04-09-2024	131,000	131	131
Bank of America Corp. 1.978% 09-15-2027	6,000	6	6
Bank of America Corp. 2.598% 04-04-2029	12,000	12	12
Bank of America Corp. Floating Rate 09-15-2027	64,000	64	64
Goldman Sachs Group Inc. Floating Rate 04-29-2025	165,000	165	165
JPMorgan Chase & Co. 1.896% 03-05-2028	22,000	22	22
Mastercard Inc. 1.90% 03-15-2031	4,000	5	5
Nestle Holdings Inc. 2.192% 01-26-2029	41,000	41	41
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	5,000	6	6
PACCAR Financial Corp. 0.985% 05-14-2024	153,000	153	151
The Estee Lauder Companies Inc. 1.95% 03-15-2031	7,000	9	9
The Goldman Sachs Group Inc. 2.013% 02-28-2028	22,000	22	21
The Goldman Sachs Group Inc. 2.599% 11-30-2027	77,000	77	78
Verizon Communications Inc. 2.375% 03-22-2028	84,000	83	84

Short Term Bond Fund 7.51PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Verizon Communications Inc. 2.55% 03-21-2031	4,000	5	5
Verizon Communications Inc. Floating Rate 03-20-2026	39,000	49	50
Wells Fargo & Co. 2.975% 05-19-2026	40,000	43	41
Total Corporate - Non-convertible		1,071	1,075
Total United States Bonds		1,071	1,075
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	10,000	11	11
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	6,000	8	7
Japan			
Toyota Motor Corp. 1.339% 03-25-2026	26,000	33	33
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	14,000	14	14
Heathrow Funding Ltd. 3.726% 04-13-2033	10,000	10	10
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	3,000	4	4
United Kingdom			
National Grid Electricity Transmission PLC 2.301% 06-22-2029	12,000	12	12
Total Global Bonds		92	91
Total Bonds		40,062	39,995

Short Term Bond Fund 7.51PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Canadian Common Stock			
Exchange Traded Funds			
Mackenzie Emerging Markets Bond Index ETF *	1,226	119	116
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2,613	244	223
Total Canadian Common Stock		363	339
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	358	6	7
BCE Inc. 3.61% Preferred	633	10	13
Energy			
TC Energy Corp. 4.90% Preferred	1,478	37	38
Financials			
Brookfield Asset Management Inc. Preferred Conv. Series 46	351	9	9
Total Canadian Preferred Stock		62	67
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Series 11 Preferred	169	4	4
Brookfield Renewable Partners LP 5.00% Series 13 Preferred	198	5	5
Total Global Common Stock		9	9
Total Stocks		434	415

*The issuer of this security is a related company to the issuer of the Fund.

Short Term Bond Fund 7.51PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(5)	CAD 128.98	US 10YR NOTE 31/03/2022	March 31, 2022	CAD 652	CAD 130.47	-
Derivatives - Liabilities						-
Total Futures Contracts						-

Total Derivative Instruments at Fair Value

-

Total Investments

40,496

40,410

Short Term Bond Fund 7.51PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Short Term Bond Fund 7.51PIM (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Short Term Bond Fund 7.51PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 303	\$ 15	\$ 318	\$	3
Total	\$ 303	\$ 15	\$ 318	\$	3
As Percent of Net Assets Attributable to Contractholders				0.7%	

*Includes both monetary and non-monetary instruments

The Fund had no significant exposure to foreign currency as at December 31, 2020.

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 4,643	\$ 29,056	\$ 5,284	\$ 1,012	\$ 39,995
2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 3,259	\$ 35,578	\$ 6,360	\$ 638	\$ 45,835

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$930 (\$1,270 at December 31, 2020) or approximately 2.2% (2.7% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

Short Term Bond Fund 7.51PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	21.9	20.4	11.3	11.1
AA	17.2	16.0	22.2	21.9
A	23.2	21.7	29.6	29.2
BBB	37.3	34.8	36.4	35.9
BB and lower	0.2	0.2	0.5	0.5
NR *	0.2	0.2	—	—
Total	100.0	93.3	100.0	98.6

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$4 (nil at December 31, 2020) or approximately 0.0% (nil at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Short Term Bond Fund 7.51PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 39,995	\$ —	\$ 39,995
Stocks	415	—	—	415
Total assets measured at fair value	\$ 415	\$ 39,995	\$ —	\$ 40,410
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ 415	\$ 39,995	\$ —	\$ 40,410

⁽¹⁾ Excludes collateral pledged to counterparties of \$56.

2020				
Assets Measured at Fair Value				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 45,835	\$ —	\$ 45,835
Stocks	—	—	—	—
Derivatives	—	—	—	—
Total assets measured at fair value	\$ —	\$ 45,835	\$ —	\$ 45,835

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Short Term Bond Fund 7.51PIM

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	2,714,706	2,337,965	2,264,548	2,057,150	2,061,248	33,414	28,827	26,394	23,122	22,718
75/75 guarantee policy	80,821	94,215	136,512	173,044	250,907	855	1,016	1,416	1,761	2,547
75/100 guarantee policy	287,041	367,649	465,697	516,265	699,538	3,023	3,948	4,812	5,236	7,082
100/100 guarantee policy	20,970	26,920	21,677	20,295	22,689	219	287	222	205	229
PS1 75/75 guarantee policy	25,875	29,841	20,344	29,396	46,983	282	330	216	305	484
PS1 75/100 guarantee policy	206,230	231,872	275,476	671,230	348,799	2,237	2,556	2,911	6,938	3,587
PS1 100/100 guarantee policy	—	—	—	324	2,797	—	—	—	3	29
PS2 75/75 guarantee policy	31,463	41,947	61,768	72,346	74,334	386	516	718	810	816
PS2 75/100 guarantee policy	195,545	225,504	239,634	265,434	352,020	2,401	2,773	2,784	2,973	3,865
PS2 100/100 guarantee policy	—	—	—	—	6,894	—	—	—	—	76
PS 75/75 guarantee policy	1,304	1,559	1,805	499	—	14	17	19	5	—
PS 75/100 guarantee policy	1,950	1,305	1,901	1,165	—	21	14	20	12	—
PPS 75/75 guarantee policy	—	—	14,434	—	—	—	—	150	—	—
PPS 75/100 guarantee policy	—	580	—	—	—	—	6	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	12.31	12.33	11.66	11.24	11.02	(0.02)	0.67
75/75 guarantee policy	10.58	10.79	10.37	10.17	10.15	(0.21)	0.42
75/100 guarantee policy	10.53	10.74	10.33	10.14	10.12	(0.21)	0.41
100/100 guarantee policy	10.43	10.65	10.26	10.08	10.07	(0.22)	0.39
PS1 75/75 guarantee policy	10.90	11.07	10.61	10.37	10.31	(0.17)	0.46
PS1 75/100 guarantee policy	10.85	11.02	10.57	10.34	10.28	(0.17)	0.45
PS1 100/100 guarantee policy	—	—	—	10.28	10.23	—	—
PS2 75/75 guarantee policy	12.28	12.30	11.62	11.20	10.98	(0.02)	0.68
PS2 75/100 guarantee policy	12.28	12.30	11.62	11.20	10.98	(0.02)	0.68
PS2 100/100 guarantee policy	—	—	—	—	10.98	—	—
PS 75/75 guarantee policy	10.66	10.81	10.33	10.08	—	(0.15)	0.48
PS 75/100 guarantee policy	10.64	10.79	10.32	10.08	—	(0.15)	0.47
PPS 75/75 guarantee policy	—	—	10.39	—	—	—	—
PPS 75/100 guarantee policy	—	10.88	—	—	—	—	0.50

Short Term Bond Fund 7.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Short Term Bond Fund 7.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Short Term Bond Fund 7.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Short Term Bond Fund 7.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Short Term Bond Fund 7.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Short Term Bond Fund 7.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

Short Term Bond Fund 7.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Short Term Bond Fund 7.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Short Term Bond Fund 7.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. Derivative contracts entered into by the Fund are intended to manage the risk and exposure due to fluctuations in foreign currency, interest rates and the market. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Short Term Bond Fund 7.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Short Term Bond Fund 7.51PIM

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	1.75	1.75	1.76	1.77	1.76
75/100 guarantee policy	1.81	1.80	1.82	1.82	1.82
100/100 guarantee policy	1.92	1.91	1.93	1.93	1.94
PS1 75/75 guarantee policy	1.40	1.40	1.41	1.42	1.41
PS1 75/100 guarantee policy	1.46	1.45	1.48	1.47	1.47
PS1 100/100 guarantee policy	—	—	—	1.59	1.58
PS 75/75 guarantee policy	1.19	1.19	1.19	1.19	—
PS 75/100 guarantee policy	1.24	1.24	1.25	1.25	—
PPS 75/75 guarantee policy	—	—	0.84	—	—
PPS 75/100 guarantee policy	—	0.88	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	52.24	80.05	93.03	82.03	71.11

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
REAL RETURN BOND FUND 7.53PIM

December 31, 2021

Independent Auditor's Report

To the Contractholders of Real Return Bond Fund 7.53PIM (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Real Return Bond Fund 7.53PIM

(in Canadian \$ thousands)

Fund Manager: The Canada Life Assurance Company

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 3,481	\$ 930
Investment income due and accrued	783	520
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	548,446	372,494
Stocks	—	—
Investment fund units	—	—
Total investments	548,446	372,494
Total assets	\$ 552,710	\$ 373,944
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	573	95
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	573	95
Net assets attributable to contractholders	\$ 552,137	\$ 373,849

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 15,705	\$ 41,651
Miscellaneous income (loss)	252	221
Total income	15,957	41,872
Expenses		
Management fees (note 7)	169	159
Transaction costs	—	—
Withholding taxes	—	—
Other	18	18
Total expenses	187	177
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 15,770	\$ 41,695

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 373,849	\$ 328,690
Contractholder deposits	213,912	46,220
Contractholder withdrawals	(51,394)	(42,756)
Increase (decrease) in net assets from operations attributable to contractholders	15,770	41,695
Change in net assets attributable to contractholders	178,288	45,159
Net assets attributable to contractholders - end of year	\$ 552,137	\$ 373,849

Real Return Bond Fund 7.53PIM

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 15,770	\$ 41,695
Adjustments		
Add back amortization of premium (discount)	(22,608)	(1,638)
Realized (gains) losses	(3,369)	(2,559)
Unrealized (gains) losses	17,832	(30,758)
Gross proceeds of disposition of investments	54,636	76,688
Gross payments for the purchase of investments	(222,443)	(88,975)
Change in investment income due and accrued	(263)	46
Change in due from/to The Canada Life Assurance Company	478	237
	(159,967)	(5,264)
Financing Activities		
Contractholder deposits	213,912	46,220
Contractholder withdrawals	(51,394)	(42,756)
	162,518	3,464
Net increase (decrease) in cash, short-term deposits and overdrafts	2,551	(1,800)
Cash, short-term deposits and overdrafts, beginning of year	930	2,730
Cash, short-term deposits and overdrafts, end of year	\$ 3,481	\$ 930
Supplementary cash flow information		
Interest income received	\$ 7,294	\$ 6,731

Real Return Bond Fund 7.53PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Government of Canada 0.25% 12-01-2054 Real Return	5,995,000	6,409	6,959
Government of Canada 0.50% 12-01-2050 Real Return	45,900,000	53,562	60,374
Government of Canada 1.25% 12-01-2047 Real Return	45,380,000	62,183	71,878
Government of Canada 1.50% 12-01-2044 Real Return	45,160,000	67,279	77,400
Government of Canada 2.00% 12-01-2041 Real Return	37,620,000	61,947	70,183
Government of Canada 3.00% 12-01-2036 Real Return	33,840,000	67,269	71,019
Government of Canada 4.00% 12-01-2031 Real Return	34,675,000	76,378	79,871
Government of Canada 4.25% 12-01-2026 Real Return	24,820,000	50,736	51,305
Total Federal Government		445,763	488,989
Provincial Governments			
Province of Ontario 2.00% 12-01-2036 Real Return	18,832,000	26,076	30,962
Province of Quebec 3.25% 12-01-2036 Real Return	2,765,000	4,231	4,854
Province of Quebec 4.25% 12-01-2031 Real Return	4,205,000	8,255	8,812
Province of Quebec 4.50% 12-01-2026 Real Return	7,444,000	13,671	14,829
Total Provincial Governments		52,233	59,457
Total Canadian Bonds		497,996	548,446
Total Bonds		497,996	548,446
Total Investments		497,996	548,446

Real Return Bond Fund 7.53PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Real Return Bond Fund 7.53PIM (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ —	\$ 66,133	\$ 88,684	\$ 393,629	\$	548,446
2020						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 3,464	\$ —	\$ 46,674	\$ 322,356	\$	372,494

Real Return Bond Fund 7.53PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$43,376 (\$30,386 at December 31, 2020) or approximately 7.9% (8.1% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

D. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	28.2	28.0	27.2	27.1
AA	66.2	65.7	67.3	67.1
A	5.6	5.6	5.5	5.5
Total	100.0	99.3	100.0	99.7

Real Return Bond Fund 7.53PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 548,446	\$ —	\$ 548,446
Total assets measured at fair value	\$ —	\$ 548,446	\$ —	\$ 548,446

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 372,494	\$ —	\$ 372,494
Total assets measured at fair value	\$ —	\$ 372,494	\$ —	\$ 372,494

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Real Return Bond Fund 7.53PIM

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	1,536,511	980,816	815,273	20,925	18,968	20,617	12,921	9,528	226	205
75/75 guarantee policy	74,249	67,470	78,101	79,136	64,501	897	817	856	820	683
75/100 guarantee policy	211,187	260,966	248,280	251,602	226,640	2,505	3,111	2,688	2,581	2,382
100/100 guarantee policy	14,134	15,861	18,793	20,635	16,133	165	187	201	210	168
PS1 75/75 guarantee policy	32,372	39,142	33,970	24,545	17,348	409	493	386	262	188
PS1 75/100 guarantee policy	130,647	157,383	120,582	129,896	96,123	1,627	1,958	1,355	1,375	1,036
PS1 100/100 guarantee policy	18,766	20,433	19,890	19,144	4,694	230	251	221	201	50
PS2 75/100 guarantee policy	5,486	6,257	13,597	12,279	18,785	80	89	172	143	220
PS 75/100 guarantee policy	2,235	—	—	—	—	25	—	—	—	—
PPS 75/100 guarantee policy	—	5,593	—	—	—	—	64	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	13.42	13.17	11.69	10.82	10.82	0.25	1.48
75/75 guarantee policy	12.08	12.11	10.97	10.36	10.59	(0.03)	1.14
75/100 guarantee policy	11.86	11.92	10.83	10.26	10.51	(0.06)	1.09
100/100 guarantee policy	11.69	11.77	10.71	10.16	10.43	(0.08)	1.06
PS1 75/75 guarantee policy	12.63	12.60	11.36	10.68	10.86	0.03	1.24
PS1 75/100 guarantee policy	12.45	12.44	11.23	10.59	10.78	0.01	1.21
PS1 100/100 guarantee policy	12.27	12.29	11.11	10.49	10.70	(0.02)	1.18
PS2 75/100 guarantee policy	14.51	14.24	12.62	11.68	11.69	0.27	1.62
PS 75/100 guarantee policy	11.29	—	—	—	—	0.01	—
PPS 75/100 guarantee policy	—	11.44	—	—	—	—	1.17

Real Return Bond Fund 7.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Real Return Bond Fund 7.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Real Return Bond Fund 7.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Real Return Bond Fund 7.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Real Return Bond Fund 7.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Real Return Bond Fund 7.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Real Return Bond Fund 7.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Real Return Bond Fund 7.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Real Return Bond Fund 7.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by the Company. All investment transactions with the corresponding underlying funds are at quoted market prices.

Real Return Bond Fund 7.53PIM

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.10	2.10	2.10	2.14	2.22
75/100 guarantee policy	2.38	2.38	2.39	2.38	2.39
100/100 guarantee policy	2.55	2.55	2.56	2.55	2.56
PS1 75/75 guarantee policy	1.64	1.64	1.64	1.64	1.64
PS1 75/100 guarantee policy	1.81	1.80	1.81	1.81	1.81
PS1 100/100 guarantee policy	1.98	1.98	1.98	1.97	1.97
PS 75/100 guarantee policy	1.81	—	—	—	—
PPS 75/100 guarantee policy	—	1.24	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	5.50	16.09	3.31	12.29	10.55

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

NORTH AMERICAN HIGH YIELD BOND FUND 7.55MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of North American High Yield Bond Fund 7.55MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

North American High Yield Bond Fund 7.55MF

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 27	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	51	58
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	73,270	81,774
Total investments	73,270	81,774
Total assets	\$ 73,348	\$ 81,832
Liabilities		
Overdrafts	\$ —	\$ 89
Due to The Canada Life Assurance Company (note 8)	48	132
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	48	221
Net assets attributable to contractholders	\$ 73,300	\$ 81,611

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 3,233	\$ 5,209
Miscellaneous income (loss)	—	—
Total income	3,233	5,209
Expenses		
Management fees (note 8)	1,340	1,446
Other	177	192
Total expenses	1,517	1,638
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,716	\$ 3,571

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 81,611	\$ 90,066
Contractholder deposits	1,470	2,665
Contractholder withdrawals	(11,497)	(14,691)
Increase (decrease) in net assets from operations attributable to contractholders	1,716	3,571
Change in net assets attributable to contractholders	(8,311)	(8,455)
Net assets attributable to contractholders - end of year	\$ 73,300	\$ 81,611

North American High Yield Bond Fund 7.55MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,716	\$ 3,571
Adjustments		
Realized (gains) losses	545	1,521
Unrealized (gains) losses	(20)	(1,080)
Gross proceeds of disposition of investments	15,043	17,614
Gross payments for the purchase of investments	(3,306)	(4,092)
Distribution income of underlying mutual fund	(3,758)	(5,650)
Change in due from/to The Canada Life Assurance Company	(84)	89
Change in due from/to brokers	7	(11)
	<u>10,143</u>	<u>11,962</u>
Financing Activities		
Contractholder deposits	1,470	2,665
Contractholder withdrawals	(11,497)	(14,691)
	<u>(10,027)</u>	<u>(12,026)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	116	(64)
Cash, short-term deposits and overdrafts, beginning of year	(89)	(25)
Cash, short-term deposits and overdrafts, end of year	\$ 27	\$ (89)

North American High Yield Bond Fund 7.55MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie North American Corporate Bond Fund Series S *	7,889,322	76,316	73,270
Total Investments		76,316	73,270

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	5.04%
Mackenzie Floating Rate Income Fund Series R *	3.72%
Xtrackers USD High Yield Corporate Bond ETF	2.08%
Mackenzie Global High Yield Fixed Income ETF *	1.87%
Government of Russia 7.65% 04-10-2030	1.22%
Inter Pipeline Ltd. 6.875% 03-26-2079	1.07%
People's Republic of China 3.13% 11-21-2029	1.01%
Enbridge Inc. 5.375% 09-27-2077	0.99%
Keyera Corp. 6.875% 06-13-2029	0.97%
People's Republic of China 1.99% 04-09-2025	0.97%
Mackenzie US High Yield Bond Index ETF *	0.88%
Mackenzie Emerging Markets Local Currency Bond Index ETF *	0.82%
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	0.74%
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	0.72%
MEG Energy Corp. 7.125% 02-01-2027 144A	0.58%
CCO Holdings LLC 5.38% 06-01-2029 144A	0.56%
Rogers Communication Inc. 5.00% 12-17-2081	0.55%
Weatherford International Ltd. 8.63% 04-30-2030 144A	0.54%
Uber Technologies Inc. 8.00% 11-01-2026 144A	0.53%
Parkland Corp. of Canada 4.375% 03-26-2029	0.51%
1011778 BC ULC/New Red Finance Inc. 4.00% 10-15-2030 144A	0.50%
Parkland Corp. of Canada 4.50% 10-01-2029 144A	0.50%
Ford Credit Canada Co. 2.961% 09-16-2026	0.50%
Mackenzie Emerging Markets Bond Index ETF *	0.49%
NuVista Energy Ltd. 7.875% 07-23-2026	0.48%

*The issuer of this security is a related company to the issuer of the Fund.

North American High Yield Bond Fund 7.55MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	193,905	125,572	152,388	107,458	160,972	3,079	1,914	2,166	1,345	2,096
75/75 guarantee policy	581,453	729,524	840,113	881,950	858,945	7,465	9,194	10,095	9,545	9,895
75/100 guarantee policy	2,066,708	2,482,548	2,938,528	2,884,832	2,894,711	26,118	30,887	34,956	30,997	33,178
100/100 guarantee policy	119,174	137,732	175,524	195,427	175,404	1,485	1,692	2,065	2,081	1,995
PS1 75/75 guarantee policy	318,491	333,526	376,717	367,140	361,506	4,271	4,373	4,689	4,098	4,274
PS1 75/100 guarantee policy	1,416,107	1,611,250	1,852,455	1,962,208	2,086,877	18,810	20,949	22,890	21,769	24,548
PS1 100/100 guarantee policy	75,965	101,707	124,360	101,937	69,624	995	1,306	1,520	1,121	813
PS2 75/75 guarantee policy	114,170	120,918	148,796	167,267	178,351	1,793	1,822	2,089	2,067	2,291
PS2 75/100 guarantee policy	463,854	529,773	575,333	612,109	459,107	7,286	7,982	8,077	7,565	5,898
PS2 100/100 guarantee policy	21,044	21,923	28,049	20,285	32,998	330	330	394	251	424
PS 75/75 guarantee policy	7,333	6,693	5,594	4,536	—	85	76	60	43	—
PS 75/100 guarantee policy	39,566	49,649	53,868	15,057	—	453	556	574	144	—
PS 100/100 guarantee policy	2,511	4,498	4,533	1,987	—	29	50	48	19	—
PPS 75/75 guarantee policy	22,780	17,687	16,841	716	—	267	202	181	7	—
PPS 75/100 guarantee policy	71,330	24,472	24,317	3,366	—	834	278	262	32	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	15.88	15.24	14.21	12.52	13.02	0.64	1.03
75/75 guarantee policy	12.84	12.60	12.02	10.82	11.52	0.24	0.58
75/100 guarantee policy	12.64	12.44	11.90	10.74	11.46	0.20	0.54
100/100 guarantee policy	12.46	12.29	11.77	10.65	11.38	0.17	0.52
PS1 75/75 guarantee policy	13.41	13.11	12.45	11.16	11.82	0.30	0.66
PS1 75/100 guarantee policy	13.28	13.00	12.36	11.09	11.76	0.28	0.64
PS1 100/100 guarantee policy	13.09	12.84	12.22	10.99	11.68	0.25	0.62
PS2 75/75 guarantee policy	15.71	15.07	14.04	12.36	12.85	0.64	1.03
PS2 75/100 guarantee policy	15.71	15.07	14.04	12.36	12.85	0.64	1.03
PS2 100/100 guarantee policy	15.71	15.07	14.04	12.36	12.85	0.64	1.03
PS 75/75 guarantee policy	11.56	11.29	10.70	9.58	—	0.27	0.59
PS 75/100 guarantee policy	11.45	11.21	10.66	9.57	—	0.24	0.55
PS 100/100 guarantee policy	11.38	11.16	10.63	9.56	—	0.22	0.53
PPS 75/75 guarantee policy	11.73	11.41	10.77	9.60	—	0.32	0.64
PPS 75/100 guarantee policy	11.69	11.38	10.75	9.60	—	0.31	0.63

North American High Yield Bond Fund 7.55MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The North American High Yield Bond Fund 7.55MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

North American High Yield Bond Fund 7.55MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

North American High Yield Bond Fund 7.55MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

North American High Yield Bond Fund 7.55MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

North American High Yield Bond Fund 7.55MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

North American High Yield Bond Fund 7.55MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

North American High Yield Bond Fund 7.55MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

North American High Yield Bond Fund 7.55MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

North American High Yield Bond Fund 7.55MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

North American High Yield Bond Fund 7.55MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

North American High Yield Bond Fund 7.55MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.31	2.31	2.31	2.37	2.46
75/100 guarantee policy	2.59	2.60	2.59	2.59	2.57
100/100 guarantee policy	2.76	2.77	2.76	2.76	2.74
PS1 75/75 guarantee policy	1.90	1.88	1.87	1.88	1.86
PS1 75/100 guarantee policy	2.01	1.99	1.99	1.99	1.97
PS1 100/100 guarantee policy	2.19	2.16	2.16	2.16	2.14
PS 75/75 guarantee policy	1.74	1.75	1.74	1.73	—
PS 75/100 guarantee policy	2.03	2.03	2.02	2.01	—
PS 100/100 guarantee policy	2.21	2.20	2.19	2.18	—
PPS 75/75 guarantee policy	1.33	1.31	1.30	1.30	—
PPS 75/100 guarantee policy	1.44	1.42	1.42	1.41	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	1.90	1.91	1.89	1.90	1.88
PS1 75/100 guarantee policy	2.01	2.02	2.01	2.01	1.99
PS1 100/100 guarantee policy	2.19	2.19	2.18	2.18	2.16
PPS 75/75 guarantee policy	1.33	1.34	1.32	1.32	—
PPS 75/100 guarantee policy	1.44	1.45	1.44	1.43	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	4.25	4.97	7.97	12.92	11.23

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

U.S. DIVIDEND FUND 7.76L

December 31, 2021

Independent Auditor's Report

To the Contractholders of U.S. Dividend Fund 7.76L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

U.S. Dividend Fund 7.76L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,714	\$ 1,634
Investment income due and accrued	470	474
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	3	3
Investments		
Bonds	—	—
Stocks	516,609	484,953
Investment fund units	—	—
Total investments	516,609	484,953
Total assets	\$ 518,796	\$ 487,064
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	95	103
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	95	103
Net assets attributable to contractholders	\$ 518,701	\$ 486,961

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 110,296	\$ 32,897
Miscellaneous income (loss)	89	490
Total income	110,385	33,387
Expenses		
Management fees (note 7)	8,480	8,083
Transaction costs	113	209
Withholding taxes	1,412	1,763
Other	1,007	971
Total expenses	11,012	11,026
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 99,373	\$ 22,361

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 486,961	\$ 535,533
Contractholder deposits	20,933	22,264
Contractholder withdrawals	(88,566)	(93,197)
Increase (decrease) in net assets from operations attributable to contractholders	99,373	22,361
Change in net assets attributable to contractholders	31,740	(48,572)
Net assets attributable to contractholders - end of year	\$ 518,701	\$ 486,961

U.S. Dividend Fund 7.76L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 99,373	\$ 22,361
Adjustments		
Realized (gains) losses	(51,866)	(12,369)
Unrealized (gains) losses	(47,520)	(7,504)
Gross proceeds of disposition of investments	221,222	228,107
Gross payments for the purchase of investments	(153,492)	(179,009)
Change in investment income due and accrued	4	184
Change in due from/to The Canada Life Assurance Company	(8)	(57)
	<u>67,713</u>	<u>51,713</u>
Financing Activities		
Contractholder deposits	20,933	22,264
Contractholder withdrawals	(88,566)	(93,197)
	<u>(67,633)</u>	<u>(70,933)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	80	(19,220)
Cash, short-term deposits and overdrafts, beginning of year	<u>1,634</u>	<u>20,854</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 1,714</u>	<u>\$ 1,634</u>
Supplementary cash flow information		
Dividend income received	\$ 10,911	\$ 13,208

U.S. Dividend Fund 7.76L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Materials			
Franco-Nevada Corp. [USD]	11,475	1,781	2,006
Nutrien Ltd. [USD]	28,698	1,919	2,729
Total Canadian Common Stock		3,700	4,735
United States Common Stock			
Communication Services			
Activision Blizzard Inc.	20,694	2,078	1,742
Alphabet Inc. Class A	1,915	5,355	7,018
AT&T Inc.	69,501	3,339	2,163
Comcast Corp. Class A	110,446	5,629	7,032
The Interpublic Group of Companies Inc.	34,021	1,052	1,612
The Walt Disney Co.	30,686	5,161	6,013
Verizon Communications Inc.	119,759	7,955	7,872
Consumer Discretionary			
Amazon.com Inc.	1,035	4,525	4,366
Lowe's Companies Inc.	28,997	4,341	9,482
McDonald's Corp.	32,634	7,676	11,066
Nike Inc. Class B	21,308	3,838	4,493
Target Corp.	13,949	1,395	4,084
The TJX Companies Inc.	86,931	6,278	8,349
Travel + Leisure Co.	62,441	4,121	4,366
Consumer Staples			
Altria Group Inc.	27,119	1,869	1,626
Constellation Brands Inc. Class A	17,327	4,547	5,501
CVS Health Corp.	43,023	4,224	5,614
Mondelez International Inc.	46,421	2,883	3,894
PepsiCo Inc.	43,699	6,871	9,603
Philip Morris International Inc.	48,919	5,627	5,879
The Procter & Gamble Co.	46,445	6,158	9,611
Walmart Inc.	38,001	5,679	6,956
Energy			
Chesapeake Energy Corp.	28,705	2,201	2,343
Chevron Corp.	74,746	10,274	11,096

U.S. Dividend Fund 7.76L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Energy (continued)			
Diamondback Energy Inc.	45,761	4,591	6,243
Kinder Morgan Inc.	111,826	2,576	2,244
Exchange Traded Funds			
iShares Semiconductor ETF	5,180	1,986	3,554
Financials			
Apollo Global Management Inc.	25,487	2,292	2,335
Arthur J. Gallagher & Co.	21,439	2,118	4,602
Bank of America Corp.	127,238	4,569	7,161
BlackRock Inc.	6,546	3,611	7,582
Capital One Financial Corp.	27,222	4,622	4,996
Digital Realty Trust Inc. REIT	10,158	1,591	2,273
Intercontinental Exchange Inc.	45,104	5,793	7,804
JPMorgan Chase & Co.	80,897	8,137	16,204
Morgan Stanley	66,971	4,088	8,316
The Carlyle Group Inc.	66,873	4,243	4,644
The Charles Schwab Corp.	39,711	3,514	4,225
The Hartford Financial Services Group Inc.	64,858	5,858	5,665
Health Care			
Abbott Laboratories	28,893	2,077	5,144
AbbVie Inc.	61,328	7,712	10,505
Anthem Inc.	17,080	5,040	10,016
Bristol-Myers Squibb Co.	28,016	2,302	2,210
Eli Lilly and Co.	9,779	2,691	3,417
Johnson & Johnson Inc.	46,930	8,370	10,156
Merck & Co. Inc.	44,367	4,700	4,301
Pfizer Inc.	69,681	3,408	5,205
Stryker Corp.	13,179	4,518	4,458
Industrials			
Danaher Corp.	7,635	3,083	3,178
FedEx Corp.	6,561	2,112	2,147
Honeywell International Inc.	34,696	7,472	9,151
Jacobs Engineering Group Inc.	25,434	4,032	4,480
Raytheon Technologies Corp.	84,083	8,934	9,154

U.S. Dividend Fund 7.76L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Industrials (continued)			
Republic Services Inc.	26,896	3,155	4,745
Union Pacific Corp.	24,453	3,895	7,793
Information Technology			
Analog Devices Inc.	39,123	8,240	8,699
Apple Inc.	57,066	3,541	12,818
Broadcom Inc.	19,885	6,930	16,737
Cisco Systems Inc.	128,861	5,839	10,330
Fidelity National Information Services Inc.	14,767	2,037	2,039
Lam Research Corp.	7,083	2,968	6,444
Microsoft Corp.	79,190	8,902	33,691
Motorola Solutions Inc.	10,289	1,946	3,536
Visa Inc. Class A	42,075	10,702	11,534
Materials			
Air Products and Chemicals Inc.	14,978	3,823	5,765
Crown Holdings Inc.	37,588	4,942	5,260
DuPont de Nemours Inc.	28,694	2,401	2,932
Eastman Chemical Co.	8,747	950	1,338
Real Estate			
Crown Castle International Corp.	8,805	1,641	2,325
ProLogis Inc. REIT	11,445	1,374	2,438
Simon Property Group Inc.	10,861	1,827	2,195
Sun Communities Inc. REIT	9,118	1,628	2,422
Utilities			
Exelon Corp.	108,299	5,431	7,913
NextEra Energy Inc.	82,764	6,413	9,775
Sempra Energy	54,087	9,462	9,051
Total United States Common Stock		337,163	482,931

U.S. Dividend Fund 7.76L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock			
Ireland			
Accenture PLC Class A	14,704	3,330	7,711
Eaton Corp. PLC	59,303	6,381	12,965
Medtronic Co. PLC	63,169	9,319	8,267
Total Global Common Stock		19,030	28,943
Total Stocks		359,893	516,609
Transaction Costs (see notes to financial statements (note 2))		(148)	
Total Investments		359,745	516,609

U.S. Dividend Fund 7.76L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Dividend Fund 7.76L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

U.S. Dividend Fund 7.76L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 516,609	\$ 1,697	\$ 518,306	\$	5,183
Total	\$ 516,609	\$ 1,697	\$ 518,306	\$	5,183
As Percent of Net Assets Attributable to Contractholders				99.9%	1.0%

**Includes both monetary and non-monetary instruments*

2020					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 484,953	\$ 1,614	\$ 486,567	\$	4,866
Total	\$ 484,953	\$ 1,614	\$ 486,567	\$	4,866
As Percent of Net Assets Attributable to Contractholders				99.9%	1.0%

**Includes both monetary and non-monetary instruments*

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$5,166 (\$4,850 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

U.S. Dividend Fund 7.76L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 516,609	\$ —	\$ —	\$ 516,609
Total assets measured at fair value	\$ 516,609	\$ —	\$ —	\$ 516,609

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 484,953	\$ —	\$ —	\$ 484,953
Total assets measured at fair value	\$ 484,953	\$ —	\$ —	\$ 484,953

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

U.S. Dividend Fund 7.76L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	1,430,532	1,049,228	991,336	796,167	789,431	36,124	21,282	18,841	12,525	11,776
75/75 guarantee policy	1,476,011	1,693,015	1,966,612	1,986,895	1,866,500	41,021	38,811	43,382	37,258	34,093
75/100 guarantee policy	6,021,914	6,954,947	7,929,573	7,952,367	7,190,294	164,656	157,215	172,870	147,704	130,353
100/100 guarantee policy	105,736	129,581	156,023	163,245	174,304	2,823	2,868	3,340	2,986	3,121
PS1 75/75 guarantee policy	740,686	774,097	878,207	835,024	730,539	21,476	18,430	20,028	16,114	13,666
PS1 75/100 guarantee policy	4,241,085	4,446,764	5,081,131	4,929,367	4,271,590	119,969	103,575	113,684	93,587	78,839
PS1 100/100 guarantee policy	98,703	94,577	121,413	107,966	72,928	2,701	2,139	2,648	2,006	1,323
PS2 75/75 guarantee policy	220,622	240,313	265,829	371,770	349,136	7,726	6,758	7,001	8,102	7,212
PS2 75/100 guarantee policy	503,491	577,729	687,449	643,180	518,040	17,632	16,245	18,106	14,017	10,701
PS2 100/100 guarantee policy	57,216	71,229	72,207	71,043	25,893	2,004	2,003	1,902	1,548	535
PS 75/75 guarantee policy	19,043	27,897	32,179	13,513	—	284	340	373	132	—
PS 75/100 guarantee policy	85,818	93,599	107,892	50,126	—	1,270	1,133	1,245	487	—
PS 100/100 guarantee policy	—	2,206	2,218	1,802	—	—	27	25	17	—
PPS 75/75 guarantee policy	47,346	36,984	25,453	11,285	—	718	455	297	110	—
PPS 75/100 guarantee policy	61,275	62,811	52,228	28,549	—	920	768	606	278	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	25.25	20.28	19.01	15.73	14.92	4.97	1.27
75/75 guarantee policy	27.79	22.92	22.06	18.75	18.27	4.87	0.86
75/100 guarantee policy	27.34	22.60	21.80	18.57	18.13	4.74	0.80
100/100 guarantee policy	26.70	22.14	21.41	18.29	17.90	4.56	0.73
PS1 75/75 guarantee policy	28.99	23.81	22.81	19.30	18.71	5.18	1.00
PS1 75/100 guarantee policy	28.29	23.29	22.37	18.99	18.46	5.00	0.92
PS1 100/100 guarantee policy	27.36	22.62	21.81	18.58	18.14	4.74	0.81
PS2 75/75 guarantee policy	35.02	28.12	26.34	21.79	20.66	6.90	1.78
PS2 75/100 guarantee policy	35.02	28.12	26.34	21.79	20.66	6.90	1.78
PS2 100/100 guarantee policy	35.02	28.12	26.34	21.79	20.66	6.90	1.78
PS 75/75 guarantee policy	14.92	12.17	11.58	9.73	—	2.75	0.59
PS 75/100 guarantee policy	14.80	12.10	11.54	9.72	—	2.70	0.56
PS 100/100 guarantee policy	—	12.02	11.49	9.71	—	—	0.53
PPS 75/75 guarantee policy	15.16	12.31	11.66	9.76	—	2.85	0.65
PPS 75/100 guarantee policy	15.01	12.22	11.61	9.74	—	2.79	0.61

U.S. Dividend Fund 7.76L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

U.S. Dividend Fund 7.76L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Dividend Fund 7.76L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Dividend Fund 7.76L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Dividend Fund 7.76L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S. Dividend Fund 7.76L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Dividend Fund 7.76L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

U.S. Dividend Fund 7.76L

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

U.S. Dividend Fund 7.76L

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

U.S. Dividend Fund 7.76L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.69	2.70	2.70	2.73	2.76
75/100 guarantee policy	2.92	2.92	2.93	2.94	2.93
100/100 guarantee policy	3.20	3.20	3.21	3.22	3.21
PS1 75/75 guarantee policy	2.24	2.24	2.24	2.25	2.24
PS1 75/100 guarantee policy	2.52	2.52	2.53	2.53	2.52
PS1 100/100 guarantee policy	2.90	2.92	2.92	2.92	2.92
PS 75/75 guarantee policy	1.58	1.58	1.58	1.58	—
PS 75/100 guarantee policy	1.80	1.80	1.80	1.80	—
PS 100/100 guarantee policy	—	2.08	2.08	2.08	—
PPS 75/75 guarantee policy	1.12	1.12	1.12	1.12	—
PPS 75/100 guarantee policy	1.40	1.40	1.40	1.40	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	31.36	36.37	53.09	37.21	35.55

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

GROWTH & INCOME FUND (AGF)

December 31, 2021

Independent Auditor's Report

To the Contractholders of Growth & Income Fund (AGF) (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Growth & Income Fund (AGF)

(in Canadian \$ thousands)

Fund Manager: CI Investments Inc.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 2,413	\$ 2,441
Investment income due and accrued	442	478
Due from The Canada Life Assurance Company (note 7)	163	179
Due from brokers	145	111
Due from outside parties	—	—
Investments		
Bonds	65,238	71,698
Stocks	49,374	46,928
Investment fund units	—	—
Total investments	114,612	118,626
Total assets	\$ 117,775	\$ 121,835
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	92	156
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	92	156
Net assets attributable to contractholders	\$ 117,683	\$ 121,679

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 10,145	\$ 9,320
Miscellaneous income (loss)	4	39
Total income	10,149	9,359
Expenses		
Management fees (note 7)	2,329	2,413
Transaction costs	62	83
Withholding taxes	67	80
Other	249	259
Total expenses	2,707	2,835
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 7,442	\$ 6,524

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 121,679	\$ 124,789
Contractholder deposits	5,011	4,267
Contractholder withdrawals	(16,449)	(13,901)
Increase (decrease) in net assets from operations attributable to contractholders	7,442	6,524
Change in net assets attributable to contractholders	(3,996)	(3,110)
Net assets attributable to contractholders - end of year	\$ 117,683	\$ 121,679

Growth & Income Fund (AGF)

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 7,442	\$ 6,524
Adjustments		
Add back amortization of premium (discount)	—	(6)
Realized (gains) losses	(6,469)	(2,286)
Unrealized (gains) losses	(618)	(3,754)
Gross proceeds of disposition of investments	186,427	70,456
Gross payments for the purchase of investments	(175,326)	(61,298)
Change in investment income due and accrued	36	24
Change in due from/to The Canada Life Assurance Company	16	(38)
Change in due from/to brokers	(98)	280
	<u>11,410</u>	<u>9,902</u>
Financing Activities		
Contractholder deposits	5,011	4,267
Contractholder withdrawals	(16,449)	(13,901)
	<u>(11,438)</u>	<u>(9,634)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(28)	268
Cash, short-term deposits and overdrafts, beginning of year	2,441	2,173
Cash, short-term deposits and overdrafts, end of year	\$ 2,413	\$ 2,441
Supplementary cash flow information		
Interest income received	\$ 2,055	\$ 2,488
Dividend income received	1,043	816

Growth & Income Fund (AGF)

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.25% 06-15-2026	610,000	609	603
Government of Canada 0.25% 03-01-2026	33,000	32	32
Government of Canada 0.50% 11-01-2023	6,278,000	6,215	6,228
Government of Canada 1.00% 09-01-2022	166,000	167	166
Government of Canada 1.00% 09-01-2026	974,000	949	963
Government of Canada 1.25% 03-01-2027	36,000	36	36
Government of Canada 1.50% 06-01-2026	657,000	667	665
Government of Canada 1.50% 06-01-2031	1,180,000	1,175	1,188
Government of Canada 2.00% 12-01-2051	1,222,000	1,276	1,316
Government of Canada 2.25% 06-01-2025	50,000	53	52
Government of Canada 2.25% 06-01-2029	560,000	588	598
Government of Canada 2.50% 06-01-2024	1,275,000	1,318	1,320
Government of Canada 2.75% 12-01-2048	198,000	225	244
Government of Canada 4.00% 06-01-2041	318,000	425	441
Total Federal Government		13,735	13,852
Provincial Governments			
Province of Alberta 1.65% 06-01-2031	520,000	492	501
Province of Alberta 3.10% 06-01-2050	849,000	900	943
Province of Manitoba 2.05% 09-05-2052	1,098,000	993	988
Province of New Brunswick 2.60% 08-14-2026	791,000	838	826
Province of New Brunswick 3.05% 08-14-2050	617,000	702	679
Province of Ontario 1.75% 09-08-2025	212,000	219	214
Province of Ontario 1.90% 12-02-2051	169,000	146	149
Province of Ontario 2.15% 06-02-2031	1,187,000	1,184	1,200
Province of Ontario 2.25% 12-02-2031	598,000	595	607
Province of Ontario 2.85% 06-02-2023	975,000	1,023	1,000
Province of Ontario 4.65% 06-02-2041	252,000	322	337
Province of Quebec 2.75% 09-01-2025	402,000	431	421
Province of Saskatchewan 2.80% 12-02-2052	264,000	264	280
Province of Saskatchewan 3.75% 03-05-2054	342,000	406	433
Total Provincial Governments		8,515	8,578
Municipal Governments			
City of Montreal 1.75% 09-01-2030	964,000	936	938

Growth & Income Fund (AGF)

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Municipal Governments (continued)			
City of Montreal 2.30% 09-01-2029	172,000	178	176
City of Montreal 2.40% 12-01-2041	263,000	263	253
City of Montreal 3.00% 09-01-2027	45,000	45	48
City of Montreal 3.15% 09-01-2028	438,000	483	472
City of Montreal 4.10% 12-01-2034	9,000	11	11
City of Ottawa 2.50% 05-11-2051	136,000	126	133
City of Ottawa 3.05% 04-23-2046	4,000	4	4
City of Ottawa 4.20% 07-30-2053	139,000	178	186
City of St. John's 4.50% 12-20-2033	21,000	25	25
City of St. John's 4.622% 08-11-2031	9,000	11	11
City of Toronto 1.60% 12-02-2030	98,000	95	95
City of Toronto 2.15% 08-25-2040	454,000	418	423
City of Toronto 2.60% 09-24-2039	131,000	130	131
City of Toronto 2.80% 11-22-2049	335,000	331	345
City of Toronto 2.90% 04-29-2051	131,000	130	138
City of Toronto 2.95% 04-28-2035	6,000	6	6
City of Toronto 3.50% 06-02-2036	271,000	306	304
City of Winnipeg 4.30% 11-15-2051	528,000	674	700
Municipal Finance Authority of British Columbia 1.35% 06-30-2026	377,000	377	373
Municipality of Waterloo 3.75% 05-13-2033	1,000	1	1
Regional Municipality of Halton 4.05% 10-11-2041	4,000	5	5
Regional Municipality of York 4.00% 05-31-2032	4,000	5	5
Regional Municipality of York 4.05% 05-01-2034	14,000	16	16
Regional Municipality of York 4.15% 11-18-2041	4,000	5	5
The Regional Municipality of Peel 2.50% 06-16-2051	186,000	173	181
Total Municipal Governments		4,932	4,985
Corporate - Non-convertible			
407 International Inc. 2.84% 03-07-2050	100,000	101	96
407 International Inc. 3.60% 05-21-2047	65,000	65	71
407 International Inc. 3.65% 09-08-2044	72,000	82	79
407 International Inc. 5.96% 12-03-2035	94,000	132	128
Access Health Abbotsford Ltd. 6.032% 03-07-2038	121,130	159	151
Air Canada 2020-1 Class C Pass Through Trust 10.50% 07-15-2026	29,000	45	45
Air Canada 4.625% 08-15-2029	30,000	30	30
Allied Properties REIT 1.726% 02-12-2026	90,000	90	88

Growth & Income Fund (AGF)

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Allied Properties REIT 3.095% 02-06-2032	100,000	100	98
Allied Properties REIT 3.113% 04-08-2027	95,000	101	98
Allied Properties REIT 3.117% 02-21-2030	126,000	131	127
Allied Properties REIT 3.636% 04-21-2025	113,000	123	118
AltaGas Ltd. 2.609% 12-16-2022	125,000	129	127
AltaLink LP 3.99% 06-30-2042	55,000	66	64
AltaLink LP 4.462% 11-08-2041	40,000	50	49
AltaLink LP 4.872% 11-15-2040	68,000	89	87
ARC Resources Ltd. 2.354% 03-10-2026	29,000	29	29
ARC Resources Ltd. 3.465% 03-10-2031	95,000	95	97
Arrow Lakes Power Corp. 5.51% 04-05-2041	55,415	70	69
Bank of Montreal 4.30% 11-26-2025	100,000	104	104
Bankers Hall LP 4.377% 11-20-2023	101,364	105	103
Bell Canada Inc. 3.50% 09-30-2050	235,000	239	226
Bell Canada Inc. 3.80% 08-21-2028	106,000	119	115
Bell Canada Inc. 4.70% 09-11-2023	110,000	120	115
BMW Canada Auto Trust 0.755% 12-20-2025	50,000	50	49
BMW Canada Auto Trust 1.99% 09-20-2023	110,852	113	112
Brookfield Asset Management Inc. 4.82% 01-28-2026	98,000	113	108
Brookfield Asset Management Inc. 5.95% 06-14-2035	107,000	139	137
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	132,000	144	138
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	185,000	211	202
Brookfield Infrastructure Partners 3.315% 02-22-2024	161,000	172	166
Brookfield Property Finance ULC 4.00% 09-30-2026	30,000	30	30
Brookfield Property Finance ULC 4.30% 03-01-2024	141,000	149	144
Brookfield Property Finance ULC 4.346% 07-03-2023	115,000	121	117
Brookfield Renewable Energy Partners LP 3.752% 06-02-2025	118,000	130	124
Brookfield Renewable Partners ULC 3.33% 08-13-2050	88,000	88	87
Brookfield Renewable Partners ULC 3.38% 01-15-2030	85,000	95	90
Brookfield Renewable Partners ULC 5.84% 11-05-2036	63,000	83	82
Brookfield Residential Properties Inc. 4.875% 02-15-2030	40,000	53	52
Brookfield Residential Properties Inc. 6.25% 09-15-2027 144A	13,000	17	17
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	20,000	20	20
Calfrac Well Services Ltd. 10.00% 12-18-2023 144A	6,000	6	6
Calgary Airport Authority 3.554% 10-07-2051	58,000	58	63
Calgary Airport Authority 3.754% 10-07-2061	63,000	63	67

Growth & Income Fund (AGF)

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	182,000	183	179
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	170,000	176	176
Canadian National Railway Co. 3.05% 02-08-2050	111,000	116	110
Canadian Natural Resources Ltd. 2.50% 01-17-2028	41,000	42	41
Canadian Natural Resources Ltd. 3.42% 12-01-2026	100,000	109	105
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	50,000	50	51
Canadian Pacific Railway Ltd. 3.05% 03-09-2050	65,000	63	62
Canadian Tire Corp. Ltd. 5.61% 09-04-2035	41,000	48	47
Canadian Western Bank 1.926% 04-16-2026	189,000	189	187
Canadian Western Bank 2.597% 09-06-2024	200,000	200	204
Canadian Western Bank 5.00% 07-31-2081	10,000	10	10
Canadian Western Bank 6.00% 04-30-2081	208,000	208	221
Capital Power Corp. 3.147% 10-01-2032	95,000	97	94
Capital Power Corp. 4.284% 09-18-2024	102,000	112	108
Capital Power Corp. 4.424% 02-08-2030	104,000	120	115
Capital Power Corp. 4.986% 01-23-2026	85,000	98	94
CCL Industries Inc. 3.864% 04-13-2028	100,000	112	107
Cenovus Energy Inc. 3.50% 02-07-2028	262,000	280	274
CGI Inc. 2.10% 09-18-2028	100,000	100	98
Choice Properties REIT 2.456% 11-30-2026	59,000	59	60
Choice Properties REIT 3.827% 03-04-2050	100,000	105	98
Choice Properties REIT 4.178% 03-08-2028	223,000	250	244
Choice Properties REIT 5.268% 03-07-2046	39,000	47	47
Cineplex Inc. 7.50% 02-26-2026 144A	93,000	93	98
Classic RMBS Trust 1.528% 03-15-2052	166,939	167	166
CNH Capital Canada Receivables Trust 0.386% 03-15-2024	28,618	29	29
CNH Capital Canada Receivables Trust 1.001% 11-16-2026	130,000	129	129
Cogeco Communications Inc. 2.991% 09-22-2031	58,000	58	58
Comber Wind Financial Corp. 5.132% 11-15-2030	65,710	76	72
Co-operators Financial Services Ltd. 3.327% 05-13-2030	73,000	74	74
Crew Energy Inc. 6.50% 03-14-2024	45,000	45	45
CU Inc. 2.609% 09-28-2050	124,000	124	114
CU Inc. 3.548% 11-22-2047	36,000	41	39
CU Inc. 3.964% 07-27-2045	36,000	43	42
Daimler Canada Finance Inc. 1.65% 09-22-2025	47,000	47	47
Daimler Trucks Finance Canada 2.14% 12-13-2024	195,000	195	196
Daimler Trucks Finance Canada 2.46% 12-15-2026	104,000	104	105

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Dream Industrial REIT 2.539% 12-07-2026	46,000	46	46
Eagle Credit Card Trust 1.546% 06-17-2026	125,000	125	123
Eagle Credit Card Trust 2.026% 06-17-2026	35,000	35	34
Eagle Credit Card Trust 2.876% 06-17-2026	35,000	35	35
Edmonton Regional Airport Authority 3.715% 05-20-2051	95,116	95	99
E-L Financial Corp. Ltd. 4.00% 06-22-2050	107,000	112	112
Emera Inc. Floating Rate 06-15-2076	440,000	613	642
Empire Communities Corp. 7.375% 12-15-2025	39,000	39	40
Enbridge Gas Inc. 3.01% 08-09-2049	165,000	166	163
Enbridge Inc. 3.95% 11-19-2024	98,000	108	103
Enbridge Inc. 4.10% 09-21-2051	261,000	258	267
Enbridge Inc. 5.375% 09-27-2077	72,000	77	76
Enbridge Inc. 5.50% 07-15-2077	104,000	116	138
Enbridge Inc. 6.00% 01-15-2027	71,000	96	97
Enbridge Inc. 6.25% 03-01-2078	233,000	291	321
Enbridge Pipelines Inc. 3.79% 08-17-2023	116,000	124	120
Enbridge Pipelines Inc. 4.20% 05-12-2051	109,000	110	115
EPCOR Utilities Inc. 2.899% 05-19-2050	117,000	122	114
EPCOR Utilities Inc. 3.949% 11-26-2048	62,000	75	72
Equitable Bank 1.774% 09-21-2023	85,000	86	85
Equitable Bank 1.876% 11-26-2025	110,000	110	108
First Capital REIT 3.447% 03-01-2028	140,000	149	143
First Capital REIT 3.604% 05-06-2026	137,000	140	142
First Quantum Minerals Ltd. 6.50% 03-01-2024 144A	4,000	5	5
First Quantum Minerals Ltd. 6.875% 03-01-2026 144A	8,000	10	11
First Quantum Minerals Ltd. 6.875% 10-15-2027 144A	20,000	26	27
First Quantum Minerals Ltd. 7.50% 04-01-2025 144A	98,000	132	128
Ford Auto Securitization 2.841% 01-15-2024	114,498	116	116
Fortified Trust 1.964% 10-23-2026	225,000	225	226
Fortified Trust 2.464% 10-23-2026	45,000	45	45
FortisAlberta Inc. 4.11% 09-29-2044	52,000	63	61
FortisAlberta Inc. 4.27% 09-22-2045	57,000	71	69
FortisBC Energy Inc. 2.54% 07-13-2050	60,000	57	55
FortisBC Energy Inc. 2.82% 08-09-2049	54,000	54	53
FortisBC Energy Inc. 6.05% 02-15-2038	56,000	81	78
FortisBC Inc. 5.60% 11-09-2035	75,000	102	98
FortisBC Inc. 6.10% 06-02-2039	46,000	66	65

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
General Motors Financial of Canada Ltd. 1.75% 04-15-2026	105,000	105	103
General Motors Financial of Canada Ltd. 3.25% 11-07-2023	70,000	74	72
General Motors Financial of Canada Ltd. 5.95% 05-14-2024	67,000	77	73
George Weston Ltd. 4.115% 06-17-2024	123,000	135	129
George Weston Ltd. 6.69% 03-01-2033	44,000	58	57
George Weston Ltd. 7.10% 02-05-2032	56,000	75	73
Gibson Energy Inc. 2.45% 07-14-2025	93,000	97	94
Gibson Energy Inc. 2.85% 07-14-2027	63,000	67	64
Gibson Energy Inc. 3.60% 09-17-2029	76,000	84	80
GMF Canada Leasing Trust 0.422% 02-21-2023	24,857	25	25
GMF Canada Leasing Trust 0.641% 03-20-2024	106,000	106	106
GMF Canada Leasing Trust 1.264% 05-20-26	74,000	74	73
goeasy Ltd. 4.375% 05-01-2026 144A	28,000	35	36
Governing Council of the University of Toronto 4.937% 11-16-2045	8,000	10	10
Government of Canada 0.25% 11-01-2022	1,962,000	1,954	1,956
Granite REIT Holdings LP 3.062% 06-04-2027	101,000	109	105
Greater Toronto Airports Authority 2.75% 10-17-2039	45,000	45	44
Greater Toronto Airports Authority 3.15% 10-05-2051	87,000	87	90
Greater Toronto Airports Authority 4.53% 12-02-2041	55,000	70	68
Greater Toronto Airports Authority 6.45% 07-30-2029	23,028	28	27
H&R REIT 2.633% 02-19-2027	75,000	75	75
H&R REIT 4.071% 06-16-2025	90,000	97	95
Honda Canada Finance Inc. 3.176% 08-28-2023	133,000	141	137
Husky III Holding Ltd. 13.00% 02-15-2025	96,000	128	128
Hyundai Capital Canada Inc. 2.008% 05-12-2026	77,000	77	76
IGM Financial Inc. 4.56% 01-25-2047 *	123,000	152	148
Intact Financial Corp. 2.954% 12-16-2050	34,000	33	32
Inter Pipeline Ltd. 3.983% 11-25-2031	237,000	237	244
Inter Pipeline Ltd. 4.232% 06-01-2027	107,000	112	114
Inter Pipeline Ltd. 5.091% 11-27-2051	200,000	200	214
Inter Pipeline Ltd. 6.625% 11-19-2079	84,000	86	89
Inter Pipeline Ltd. 6.875% 03-26-2079	92,000	92	99
Keyera Corp. 5.95% 03-10-2081	24,000	24	25
Keyera Corp. 6.875% 06-13-2029	73,000	74	80
Liberty Utilities (Canada) LP 3.315% 02-14-2050	72,000	71	72
Loblaw Companies Ltd. 6.05% 06-09-2034	68,000	89	87

*The issuer of this security is a related company to the issuer of the Fund.

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Loblaw Companies Ltd. 6.45% 02-09-2028	80,000	104	97
Loblaw Companies Ltd. 6.50% 01-22-2029	96,000	127	119
Lower Mattagami Energy LP 4.94% 09-21-2043	113,000	154	150
Manulife Bank of Canada 1.337% 02-26-2026	94,000	94	92
Manulife Financial Corp. 2.237% 05-12-2030	127,000	133	128
Manulife Financial Corp. 2.818% 05-13-2035	127,000	134	129
Manulife Financial Corp. 4.061% 02-24-2032	120,000	167	164
Mattamy Group Corp. 4.625% 03-01-2028	50,000	50	51
Mattamy Group Corp. 4.625% 03-01-2030 144A	20,000	27	26
MBARC Credit Canada Inc. 0.932% 02-17-2026	94,000	94	93
MEG Energy Corp. 5.875% 02-01-2029 144A	23,000	29	31
Methanex Corp. 5.125% 10-15-2027	3,000	4	4
Metro Inc. 3.413% 02-28-2050	110,000	112	108
Metro Inc. 4.27% 12-04-2047	75,000	90	84
New Gold Inc. 7.50% 07-15-2027 144A	10,000	14	13
Nissan Canada Inc. 1.626% 03-18-2024	141,000	141	140
Nissan Canada Inc. 2.103% 09-22-2025	145,000	145	143
Northern Courier Pipeline LP 3.365% 06-30-2042	118,730	124	122
Northriver Midstream Finance LP 5.625% 02-15-2026 144A	20,000	26	26
NorthwestConnect Group Partnership 5.95% 04-30-2041	93,576	122	117
NOVA Chemicals Corp. 4.25% 05-15-2029 144A	9,000	11	11
NOVA Chemicals Corp. 5.00% 05-01-2025 144A	16,000	22	21
Nova Scotia Power Inc. 3.307% 04-25-2050	50,000	55	51
Nova Scotia Power Inc. 4.50% 07-20-2043	50,000	62	60
NuVista Energy Ltd. 7.875% 07-23-2026	85,000	84	88
OPB Finance Trust 2.98% 01-25-2027	43,000	43	45
Parkland Corp. of Canada 3.875% 06-16-2026	8,000	8	8
Parkland Corp. of Canada 4.375% 03-26-2029	22,000	22	22
Parkland Corp. of Canada 4.50% 10-01-2029 144A	16,000	20	20
Parkland Corp. of Canada 6.00% 06-23-2028	10,000	10	11
Pembina Pipeline Corp. 3.71% 08-11-2026	56,000	63	59
Pembina Pipeline Corp. 4.54% 04-03-2049	162,000	177	172
Pembina Pipeline Corp. 4.74% 01-21-2047	112,000	125	122
Pembina Pipeline Corp. 4.80% 01-25-2031	42,000	42	41
Penske Truck Leasing Canada Inc. 2.85% 12-07-2022	150,000	156	152
Precision Drilling Corp. 7.125% 01-15-2026 144A	17,000	22	22
Prime Structured Mortgage Trust 1.856% 11-15-2024	125,000	125	125

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Real Estate Asset Liquidity Trust 2.873% 02-12-2031	120,000	120	121
Real Estate Asset Liquidity Trust 3.534% 02-12-2031	40,000	40	40
Reliance LP 2.67% 08-01-2028	118,000	118	118
Reliance LP 3.75% 03-15-2026	100,000	110	105
Reliance LP 3.836% 03-15-2025	163,000	179	171
RioCan REIT 2.83% 10-03-2022	54,000	56	55
Ritchie Bros. Holdings Ltd. 4.95% 12-15-2029	13,000	13	13
Rockpoint Gas Storage 7.00% 03-31-2023 144A	50,000	62	64
Rogers Communication Inc. 5.00% 12-17-2081	70,000	70	71
Royal Bank of Canada 2.14% 11-03-2031	169,000	169	168
Royal Bank of Canada 2.74% 07-25-2029	425,000	425	434
Royal Bank of Canada 2.949% 05-01-2023	300,000	317	307
Royal Bank of Canada 3.65% 11-24-2081	90,000	90	87
Royal Bank of Canada 4.20% 02-24-2027	70,000	70	70
Royal Bank of Canada 4.50% 11-24-2080	225,000	236	236
Sagen MI Canada Inc. 3.261% 03-05-2031	124,000	124	126
Sagen MI Canada Inc. 4.95% 03-24-2081	175,000	175	177
SEC LP and ARCI Ltd. 5.188% 08-29-2033	133,645	148	144
Shaw Communications Inc. 2.90% 12-09-2030	40,000	42	40
Shaw Communications Inc. 4.25% 12-09-2049	103,000	114	106
SmartCentres REIT 1.74% 12-16-2025	82,000	82	80
SmartCentres REIT 2.307% 12-18-2028	49,000	49	47
SmartCentres REIT 3.648% 12-11-2030	66,000	71	69
SmartCentres REIT 3.985% 05-30-2023	65,000	69	67
Sobeys Inc. 5.79% 10-06-2036	300,000	319	369
South Coast British Columbia Transportation Authority 2.65% 10-29-2050	62,000	59	62
South Coast British Columbia Transportation Authority 4.65% 06-20-2041	4,000	5	5
Strait Crossing Development Inc. 6.17% 09-15-2031	289,872	224	319
Strathcona Resources Ltd. 6.875% 08-01-2026 144A	10,000	13	12
Sun Life Capital Trust 7.093% 06-30-2032	142,000	196	195
Sun Life Financial Inc. 3.60% 06-30-2081	86,000	86	85
Sun Life Financial Inc. Floating Rate 09-19-2028	101,000	107	104
Suncor Energy Inc. 3.10% 05-24-2029	18,000	20	19
Suncor Energy Inc. 3.95% 03-04-2051	105,000	103	106
Suncor Energy Inc. 5.00% 04-09-2030	189,000	195	219
Suncor Energy Inc. 5.39% 03-26-2037	50,000	62	61
Sysco Canada Inc. 3.65% 04-25-2025	108,000	118	114

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Teine Energy Ltd. 6.875% 04-15-2029 144A	11,000	14	14
TELUS Corp. 2.85% 11-13-2031	90,000	90	90
TELUS Corp. 4.10% 04-05-2051	77,000	79	81
Teranet Holdings LP 3.544% 06-11-2025	90,000	97	94
Teranet Holdings LP 5.754% 12-17-2040	121,000	142	148
The Bank of Nova Scotia 1.85% 11-02-2026	160,000	160	158
The Bank of Nova Scotia 3.70% 07-27-2081	90,000	90	88
The Empire Life Insurance Co. 3.625% 04-17-2026	67,000	67	66
The First Nations Finance Authority 1.71% 06-16-2030	665,000	665	651
The First Nations Finance Authority 3.05% 06-01-2028	198,000	217	213
The Independent Order of Foresters 2.885% 10-15-2035	130,000	135	131
The Toronto-Dominion Bank 3.06% 01-26-2032	250,000	252	259
The Toronto-Dominion Bank 3.105% 04-22-2030	200,000	200	207
The Toronto-Dominion Bank 3.60% 10-31-2081	149,000	149	145
THP Partnership 4.394% 10-31-2046	75,395	91	86
Tourmaline Oil Corp. 2.529% 02-12-2029	60,000	60	59
TransCanada PipeLines Ltd. 4.18% 07-03-2048	110,000	123	115
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	263,000	272	271
TransCanada Trust 5.50% 09-15-2079	19,000	26	26
TransCanada Trust 5.875% 08-15-2026	72,000	102	100
Trillium Windpower LP 5.803% 02-15-2033	58,292	71	69
Trulieve Cannabis Corp. 8.00% 10-06-2026	50,000	64	64
University of Toronto 4.251% 12-07-2051	2,000	2	3
Vancouver Airport Fuel Facilities Corp. 2.168% 06-23-2025	87,300	88	85
Vesta Energy Corp. 10.00% 10-15-2025 144A	17,000	19	17
VW Credit Canada Inc. 1.20% 09-25-2023	80,000	81	80
VW Credit Canada Inc. 1.50% 09-23-2025	110,000	111	108
Waste Management of Canada Corp. 2.60% 09-23-2026	95,000	102	98
Wells Fargo Financial Canada Corp. 3.874% 05-21-2025	80,000	86	85
West Edmonton Mall Property Inc. 4.056% 02-13-2024	147,568	149	150
Total Corporate - Non-convertible		28,610	28,517

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Canadian Bonds (continued)			
Corporate - Convertible			
Air Canada 4.00% 07-01-2025 Conv.	31,000	44	52
Cineplex Inc. 5.75% 09-30-2025 Conv.	61,000	66	81
Dye & Durham Ltd. 3.75% 03-01-2026 Conv.	55,000	56	55
Total Corporate - Convertible		166	188
Mortgage Backed			
BMW Canada Inc. 0.502% 07-20-2024	62,000	62	62
Total Mortgage Backed		62	62
Total Canadian Bonds		56,020	56,182
United States Bonds			
Corporate - Non-convertible			
Academy Ltd. 6.00% 11-15-2027	31,000	41	42
Air Lease Corp. 2.625% 12-05-2024	194,000	199	196
Alliant Holdings Intermediate LLC/Alliant Holdings Co-Issuer Inc. 5.875% 11-01-2029 144A	3,000	4	4
Ally Financial Inc. 4.70% 05-15-2028	15,000	18	20
AMC Entertainment Holdings Inc. 10.50% 04-15-2025 144A	19,000	26	26
American Airlines 2021-1 Class B Pass Through Trust 3.95% 07-11-2030	4,000	5	5
American Airlines Inc./AAdvantage Loyalty IP Ltd. 5.75% 04-20-2029 144A	37,000	48	50
AmWINS Group Inc. 4.875% 06-30-2029 144A	5,000	6	6
Anheuser-Busch InBev Finance Inc. 4.32% 05-15-2047	125,000	142	137
Anheuser-Busch InBev Worldwide Inc. 4.35% 06-01-2040	41,000	62	61
Avolon Holdings Funding Ltd. 2.75% 02-21-2028 144A	48,000	60	60
Bank of America Corp. 1.978% 09-15-2027	141,000	141	139
Bank of America Corp. 2.604% 03-15-2023	195,000	200	196
Bank of America Corp. 3.515% 03-24-2026	110,000	120	115
Bank of America Corp. Floating Rate 04-25-2025	242,000	257	249
Bank of America Corp. Floating Rate 09-15-2027	165,000	165	166
Big River Steel LLC/BRS Finance Corp. 6.625% 01-31-2029 144A	8,000	11	11
Brookfield Property REIT Inc./BPR Cumulus LLC/BPR Nimbus LLC/GGSI Sellco LL 4.50% 04-01-2027 144A	10,000	13	12
Burford Capital Global Finance LLC 6.25% 04-15-2028 144A	38,000	48	51
Calfrac Holdings LP 10.875% 03-15-2026	17,600	40	20
Calfrac Holdings LP 10.875% 03-15-2026 144A	39,000	36	45

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Carnival Corp. 7.625% 03-01-2026 144A	25,000	34	33
Carnival Corp. 9.875% 08-01-2027 144A	7,000	10	10
Carvana Co. 5.50% 04-15-2027 144A	5,000	6	6
Carvana Co. 5.625% 10-01-2025 144A	17,000	22	22
Carvana Co. 5.875% 10-01-2028 144A	16,000	21	20
CCO Holdings LLC 4.50% 05-01-2032	18,000	23	24
CCO Holdings LLC 4.50% 08-15-2030 144A	2,000	3	3
CCO Holdings LLC/CCO Holdings Capital Corp. 4.25% 02-01-2031 144A	10,000	14	13
CCO Holdings LLC/CCO Holdings Capital Corp. 4.75% 03-01-2030 144A	24,000	32	32
Chemours Co. 4.625% 11-15-2029 144A	20,000	25	25
Cinemark USA Inc. 5.25% 07-15-2028 144A	20,000	24	25
Citigroup Inc. 4.70% 01-30-2025	2,000	3	3
Coeur Mining Inc. 5.125% 02-15-2029 144A	3,000	4	3
Coinbase Global Inc. 3.375% 10-01-2028 144A	27,000	34	32
Coinbase Global Inc. 3.625% 10-01-2031 144A	19,000	24	22
CommScope Inc. 7.125% 07-01-2028 144A	20,000	27	25
Consolidated Communications Inc. 6.50% 10-01-2028 144A	6,000	8	8
Credit Suisse Group AG 7.50% 07-17-2023 144A	11,000	14	15
CrownRock LP 5.625% 10-15-2025 144A	27,000	35	35
CSC Holdings LLC 4.625% 12-01-2030 144A	9,000	12	11
DCP Midstream Operating 5.85% 05-21-2043 144A	10,000	12	12
Delta Air Lines Inc. 7.375% 01-15-2026	3,000	4	4
Delta Air Lines Inc./SkyMiles IP Ltd. 4.50% 10-20-2025 144A	2,000	3	3
Dresdner Funding Trust I 8.151% 06-30-2031 144A	92,000	145	165
Empire Communities Corp. 7.00% 12-15-2025 144A	49,000	64	64
Encino Acquisition Partners Holdings LLC 8.50% 05-01-2028 144A	6,000	7	8
Fairfax India Holdings Corp. 5.00% 02-26-2028 144A	119,000	149	151
Foot Locker Inc. 4.00% 10-01-2029 144A	52,000	65	66
Fortress Transportation and Infrastructure Investors LLC 5.50% 05-01-2028 144A	7,000	9	9
Fortress Transportation and Infrastructure Investors LLC 6.50% 10-01-2025 144A	41,000	54	54
Fortress Transportation and Infrastructure Investors LLC 9.75% 08-01-2027 144A	20,000	27	28
Genesis Energy LP/Genesis Energy Finance Corp. 8.00% 01-15-2027	4,000	5	5
Genworth Holdings Inc. Floating Rate 11-15-2066	51,000	30	39
Genworth Mortgage Holdings Inc. 6.50% 08-15-2025 144A	12,000	16	17
Global Aircraft Leasing Co. Ltd. 6.50% 09-15-2024	16,000	19	19

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
H&E Equipment Services Inc. 3.875% 12-15-2028 144A	24,000	30	30
HCA Inc. 7.05% 12-01-2027	64,000	90	100
HCA Inc. 7.58% 09-15-2025	5,000	7	8
Hilton Domestic Operating Co. Inc. 3.625% 02-15-2032 144A	30,000	38	38
HUB International Ltd. 5.625% 12-01-2029 144A	20,000	25	26
ILFC E-Capital Trust Floating Rate 12-21-2065 144A	140,000	164	146
Imola Merger Corp. 4.75% 05-15-2029 144A	60,000	75	78
Intelsat Jackson Holdings 5.50% 08-01-2023	73,000	86	42
Iron Mountain Inc. 4.50% 02-15-2031 144A	6,000	8	8
Iron Mountain Inc. 4.875% 09-15-2029 144A	8,000	11	10
Iron Mountain Inc. 5.25% 07-15-2030 144A	11,000	15	15
Iron Mountain Information Management Services Inc. 5.00% 07-15-2032 144A	8,000	10	10
JPMorgan Chase & Co. 1.896% 03-05-2028	190,000	190	187
JPMorgan Chase & Co. 4.60% 02-01-2025	29,000	36	38
JPMorgan Chase & Co. 6.00% 08-01-2023	8,000	11	11
JPMorgan Chase & Co. Floating Rate 04-30-2049	489,000	660	621
Land O' Lakes Inc. 7.45% 03-15-2028	16,000	23	24
Laredo Petroleum Inc. 7.75% 07-31-2029 144A	5,000	6	6
Level 3 Financing Inc. 3.625% 01-15-2029 144A	4,000	5	5
Lincoln National Corp. Floating Rate 04-20-2067	30,000	36	33
Lincoln National Corp. Floating Rate 05-17-2066	30,000	36	34
MEG Energy Corp. 7.125% 02-01-2027 144A	28,000	36	38
MetLife Capital Trust IV 7.875% 12-15-2037	38,000	66	66
Metropolitan Life Global Funding I 3.394% 04-09-2030	137,000	155	147
MGM Growth 5.75% 02-01-2027	9,000	12	13
MGM Growth/MGM Finance 4.50% 01-15-2028	21,000	25	29
MGM Resorts International 4.625% 09-01-2026	42,000	55	56
MGM Resorts International 4.75% 10-15-2028	34,000	45	45
MGM Resorts International 5.50% 04-15-2027	100,000	129	136
Millennium Escrow Corp. 6.625% 08-01-2026 144A	10,000	13	13
Molson Coors International LP 2.84% 07-15-2023	57,000	60	58
Molson Coors International LP 3.44% 07-15-2026	102,000	111	107
Morgan Stanley 5.45% 07-29-2049	250,000	332	317
Moss Creek Resources Holdings Inc. 10.50% 05-15-2027 144A	11,000	14	14
Mozart Debt Merger Sub Inc. 3.875% 04-01-2029 144A	67,000	85	85
Mozart Debt Merger Sub Inc. 5.25% 10-01-2029 144A	5,000	6	6
MPH Acquisition Holdings LLC 5.50% 09-01-2028 144A	8,000	10	10

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
MPH Acquisition Holdings LLC 5.75% 11-01-2028 144A	26,000	33	31
Nationstar Mortgage Holdings Inc. 5.125% 12-15-2030 144A	6,000	8	8
Nationstar Mortgage Holdings Inc. 5.50% 08-15-2028 144A	18,000	24	23
Nationstar Mortgage Holdings Inc. 5.75% 11-15-2031 144A	4,000	5	5
Nationstar Mortgage Holdings Inc. 6.00% 01-15-2027 144A	35,000	44	46
Navient Corp. 4.875% 03-15-2028	21,000	27	27
Navient Corp. 5.00% 03-15-2027	50,000	65	65
Navient Corp. 5.50% 03-15-2029	2,000	2	3
NCL Corp. Ltd. 10.25% 02-01-2026 144A	2,000	3	3
NCL Corp. Ltd. 3.625% 12-15-2024 144A	85,000	100	102
Nestle Holdings Inc. 2.192% 01-26-2029	48,000	48	49
NGL Energy LP/NGL Energy Finance Corp. LP 7.50% 04-15-2026	16,000	21	17
NGL Energy Operating LLC/NGL Energy Finance Corp. 7.50% 02-01-2026 144A	73,000	93	95
NGL Energy Partners LP 6.125% 03-01-2025	48,000	59	53
NGL Energy Partners LP 7.50% 11-01-2023	19,000	24	24
Nielsen Finance LLC/Nielsen Finance Co. 4.50% 07-15-2029 144A	3,000	4	4
Nielsen Finance LLC/Nielsen Finance Co. 4.75% 07-15-2031 144A	3,000	4	4
Nielsen Finance LLC/Nielsen Finance Co. 5.625% 10-01-2028 144A	14,000	18	18
Nielsen Finance LLC/Nielsen Finance Co. 5.875% 10-01-2030 144A	6,000	8	8
Northern Oil and Gas Inc. 8.125% 03-01-2028 144A	14,000	18	19
Occidental Petroleum Corp. 3.00% 02-15-2027	7,000	7	9
Occidental Petroleum Corp. 3.20% 08-15-2026	12,000	12	16
Occidental Petroleum Corp. 6.125% 01-01-2031	6,000	8	9
Occidental Petroleum Corp. 6.625% 09-01-2030	3,000	4	5
Ortho-Clinical Diagnostics Inc./Ortho-Clinical Diagnostics SA 7.25% 02-01-2028 144A	16,000	21	22
Outfront Media Capital LLC/Outfront Media Capital Corp. 4.25% 01-15-2029 144A	5,000	6	6
Park Intermediate Holdings LLC/PK Domestic Property LLC 5.875% 10-01-2028 144A	50,000	65	66
Park Intermediate Holdings LLC/PK Domestic Property LLC/PK Finance Co-Issuer 4.875% 05-15-2029 144A	13,000	16	17
Penn National Gaming Inc. 4.125% 07-01-2029	4,000	5	5
PennyMac Financial Services Inc. 4.25% 02-15-2029 144A	10,000	13	12
PennyMac Financial Services Inc. 5.375% 10-15-2025 144A	18,000	24	23
Precision Drilling Corp. 6.875% 01-15-2029	6,000	7	8
Qorvo Inc. 4.375% 10-15-2029	3,000	4	4
Rayonier A.M. Products Inc. 5.50% 06-01-2024 144A	116,000	147	148

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Rayonier A.M. Products Inc. 7.625% 01-15-2026 144A	20,000	26	27
RHP Hotel Properties LP/RHP Finance Corp. 4.50% 02-15-2029 144A	7,000	9	9
Rite Aid Corp. 7.50% 07-01-2025 144A	11,000	15	14
Rite Aid Corp. 8.00% 11-15-2026 144A	44,000	53	57
Riverbed Technology Inc. 7.50% 12-31-2026	45,200	47	16
Scientific Games International Inc. 7.00% 05-15-2028 144A	18,000	20	24
Scientific Games International Inc. 7.25% 11-15-2029 144A	32,000	42	45
Scientific Games International Inc. 8.625% 07-01-2025 144A	6,000	8	8
Service Properties REIT 5.50% 12-15-2027	10,000	13	13
Suburban Propane Partners LP/Suburban Energy Finance Corp. 5.00% 06-01-2031 144A	19,000	23	24
Sunnova Energy Corp. 5.875% 09-01-2026 144A	15,000	19	19
Superior Plus LP/Superior General Partner Inc. 4.50% 03-15-2029 144A	30,000	38	39
Targa Resources Partners LP/Targa Resources Partners Finance Corp. 4.00% 01-15-2032 144A	26,000	33	34
Tempur Sealy International Inc. 3.875% 10-15-2031 144A	10,000	13	13
Tenet Healthcare Corp. 4.25% 06-01-2029 144A	12,000	14	15
Tenet Healthcare Corp. 4.375% 01-15-2030 144A	20,000	25	26
Tenet Healthcare Corp. 6.125% 10-01-2028 144A	15,000	20	20
The Hartford Financial Services Group Inc. Floating Rate 02-12-2047	40,000	49	48
The Howard Hughes Corp. 4.125% 02-01-2029 144A	22,000	28	28
The Howard Hughes Corp. 4.375% 02-01-2031 144A	15,000	19	19
The Howard Hughes Corp. 5.375% 08-01-2028 144A	10,000	13	13
TransMontaigne Partners LP 6.125% 02-15-2026	24,000	30	30
United Airlines Inc. 2020-1 Class A Pass Through Trust 5.875% 04-15-2029	18,969	26	26
United Airlines Inc. 4.375% 04-15-2026 144A	5,000	6	7
United Airlines Inc. 4.625% 04-15-2029 144A	7,000	9	9
United Wholesale Mortgage LLC 5.75% 06-15-2027	10,000	13	13
Verizon Communications Inc. 2.375% 03-22-2028	120,000	120	120
Verizon Communications Inc. 2.50% 05-16-2030	97,000	101	96
Verizon Communications Inc. 3.625% 05-16-2050	70,000	72	70
Wynn Las Vegas LLC 5.25% 05-15-2027 144A	28,000	37	36
Wynn Las Vegas LLC 5.50% 03-01-2025 144A	18,000	24	24
XHR LP 4.875% 06-01-2029 144A	32,000	39	41
Total Corporate - Non-convertible		7,293	7,169

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United States Bonds (continued)			
Corporate - Convertible			
American Airlines Group Inc. 6.50% 07-01-2025 Conv.	10,000	12	18
Cinemark Holdings Inc. 4.50% 08-15-2025 Conv.	16,000	24	29
Total Corporate - Convertible		36	47
Total United States Bonds		7,329	7,216
Global Bonds			
Australia			
Macquarie Bank Ltd. of London 6.125% 03-08-2027 144A	19,000	23	26
Bermuda			
Aircastle Ltd. 5.25% 06-15-2026 144A	18,000	22	23
NCL Corp. Ltd. 1.125% 02-15-2027 Conv.	30,000	36	36
NCL Corp. Ltd. 5.875% 03-15-2026 144A	31,000	39	39
NCL Finance Ltd. 6.125% 03-15-2028 144A	17,000	21	21
VOC Escrow Ltd. 5.00% 02-15-2028 144A	3,000	4	4
British Virgin Islands			
Studio City Finance Ltd. 5.00% 01-15-2029 144A	24,000	30	27
Studio City Finance Ltd. 6.50% 01-15-2028 144A	67,000	91	82
Cayman Islands			
Global Aircraft Leasing Co. Ltd. 6.50% 09-15-2024 144A	34,333	41	42
Spirit Loyalty Cayman Ltd./Spirit IP Cayman Ltd. 8.00% 09-20-2025 144A	14,400	19	20
Wynn Macau Ltd. 4.875% 10-01-2024	10,000	12	12
Wynn Macau Ltd. 5.125% 12-15-2029 144A	15,000	17	17
Wynn Macau Ltd. 5.50% 10-01-2027 144A	15,000	19	18
Wynn Macau Ltd. 5.625% 08-26-2028 144A	5,000	6	6
France			
Altice France SA 5.50% 01-15-2028 144A	25,000	32	31
Altice France SA 5.50% 10-15-2029 144A	8,000	10	10
Germany			
Cheplapharm Arzneimittel GmbH 5.50% 01-15-2028 144A	15,000	20	19

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Global Bonds (continued)			
Ireland			
Castlelake Aviation Finance Designated Activity Co. 5.00% 04-15-2027	15,000	19	19
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	56,000	56	56
Heathrow Funding Ltd. 3.25% 05-21-2025	75,000	80	77
Heathrow Funding Ltd. 3.782% 09-04-2030	96,000	102	102
Quotient Ltd. 4.75% 05-30-2026 Conv.	70,000	85	89
Liberia			
Royal Caribbean Cruises Ltd. 3.70% 03-15-2028	4,000	5	5
Royal Caribbean Cruises Ltd. 4.25% 06-15-2023 Conv.	109,000	147	176
Royal Caribbean Cruises Ltd. 5.50% 04-01-2028 144A	22,000	28	28
Royal Caribbean Cruises Ltd. 5.50% 08-31-2026 144A	55,000	69	71
Royal Caribbean Cruises Ltd. 9.125% 06-15-2023	42,000	58	57
Netherlands			
AerCap Holdings NV 5.875% 10-10-2079	23,000	31	30
Panama			
Carnival Corp. 4.00% 08-01-2028 144A	15,000	19	19
Carnival Corp. 5.75% 03-01-2027 144A	51,000	65	65
Carnival Corp. 6.00% 05-01-2029 144A	30,000	37	38
Carnival Corp. 7.20% 10-01-2023	13,000	16	18
Switzerland			
Credit Suisse Group AG 4.50% 03-03-2031 144A	50,000	64	62
Credit Suisse Group AG 5.25% 08-11-2027 144A	13,000	17	17
Credit Suisse Group AG 6.25% 12-18-2024	22,000	30	30
UBS Group AG 4.375% 02-10-2026 144A	20,000	26	25

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Global Bonds (continued)			
United Kingdom			
Aviva PLC 4.00% 10-02-2030	240,000	256	261
Barclays Bank PLC 6.278% 12-15-2034	41,000	61	72
Barclays PLC 6.125% 06-15-2026	6,000	8	8
Barclays PLC 8.00% 06-15-2024	19,000	25	27
Lloyds Banking Group PLC 7.50% 09-27-2025	5,000	6	7
Merlin Entertainments PLC 5.75% 06-15-2026	11,000	14	15
NatWest Group PLC 6.00% 06-29-2026	24,000	33	33
Total Global Bonds		1,799	1,840
Total Bonds		65,148	65,238
Canadian Common Stock			
Consumer Discretionary			
Aritzia Inc.	5,270	104	276
BBTV Holdings Inc.	9,027	135	27
Consumer Staples			
Alimentation Couche-Tard Inc.	7,615	280	404
Energy			
ARC Resources Ltd.	6,491	53	75
Calfrac Well Services Ltd.	2,853	9	12
Canadian Natural Resources Ltd.	1,558	43	83
Cenovus Energy Inc.	6,498	70	101
Crescent Point Energy Corp.	3,670	22	25
Enbridge Inc. [CAD]	10,794	452	532
Enbridge Inc. [USD]	4,470	189	221
Enerflex Ltd.	3,473	31	27
Freehold Royalties Ltd.	11,011	84	128
Headwater Exploration Inc.	11,048	29	57
Kelt Exploration Ltd.	4,501	16	22
Keyera Corp.	4,420	123	126
NuVista Energy Ltd.	11,498	56	80
Parex Resources Inc.	2,203	44	48
Precision Drilling Corp.	538	21	24
Secure Energy Services Inc.	12,544	55	66

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Canadian Common Stock (continued)			
Energy (continued)			
Suncor Energy Inc.	14,984	472	473
TC Energy Corp.	620	37	36
Topaz Energy Corp.	3,097	53	55
Tourmaline Oil Corp.	1,849	32	76
Whitecap Resources Inc.	3,312	17	25
Financials			
Brookfield Asset Management Inc.	8,150	336	622
Brookfield Asset Management Inc. Class A limited voting	13,310	428	1,016
Brookfield Business Partners LP [USD]	7,980	376	464
Definity Financial Corp.	7,865	173	232
Element Fleet Management Corp.	25,605	274	330
Equitable Group Inc.	3,990	255	275
goeasy Ltd.	1,065	131	191
iA Financial Corp. Inc.	4,825	253	349
Intact Financial Corp.	2,435	333	400
National Bank of Canada	4,160	267	401
Nuvei Corp.	1,710	113	140
Royal Bank of Canada	3,795	386	508
Sun Life Financial Inc.	6,325	329	444
Thomson Reuters Corp.	1,960	204	296
TMX Group Ltd.	2,805	331	360
Trisura Group Ltd.	8,350	156	398
Health Care			
Andlauer Healthcare Group Inc.	6,070	231	328
Jamieson Wellness Inc.	6,735	219	270
Industrials			
Boyd Group Services Inc.	1,405	263	280
Canadian National Railway Co.	452	53	70
Canadian Pacific Railway Ltd.	5,128	311	466
Cargojet Inc.	1,654	335	276
GFL Environmental Inc.	326	16	16
LifeWorks Inc.	10,970	281	280
WSP Global Inc.	1,740	135	320

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Canadian Common Stock (continued)			
Information Technology			
CGI Group Inc.	1,125	96	126
CGI Group Inc. Class A sub. voting	3,415	289	382
Constellation Software Inc.	130	205	305
Docebo Inc.	1,460	155	124
Kinaxis Inc.	1,405	184	249
Lightspeed Commerce Inc.	2,330	155	119
Nuvei Corp. [USD - Nasdaq]	40	6	3
Open Text Corp.	5,615	286	337
Shopify Inc. [CAD]	139	198	242
Materials			
Agnico Eagle Mines Ltd.	2,370	155	159
Americas Gold and Silver Corp.	15,000	28	15
Artemis Gold Inc.	12,541	46	87
Azimut Exploration Inc.	2,500	5	4
B2Gold Corp.	11,000	52	55
Barrick Gold Corp.	550	14	13
Benchmark Metals Inc.	33,371	45	36
Benchmark Metals Inc. Restricted	20,000	20	20
Cabral Gold Inc.	9,733	5	4
Cabral Gold Inc. Warrant 07-06-2023	7,500	-	1
G Mining Ventures Corp.	31,000	29	26
Gold Standard Ventures Corp.	73,154	70	41
Golden Star Resources Ltd.	761	2	4
HighGold Mining Inc.	5,043	7	7
HudBay Minerals Inc.	7,000	60	64
K92 Mining Inc.	22,689	110	163
Kinross Gold Corp.	21,000	170	154
Lundin Gold Inc.	3,897	43	41
MAG Silver Corp.	600	14	12
Osisko Gold Royalties Ltd.	12,932	192	200
Osisko Mining Inc.	9,400	34	36
Pretium Resources Inc.	2,160	28	38
Rupert Resources Ltd.	21,989	112	125
Sandstorm Gold Ltd. [CAD]	6,749	52	53
Silvercrest Metals Inc.	4,844	52	48
SSR Mining Inc.	7,007	190	157

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Canadian Common Stock (continued)			
Materials (continued)			
Victoria Gold Corp.	146	3	2
Wesdome Gold Mines Ltd.	75	1	1
Wheaton Precious Metals Corp.	2,400	132	130
Real Estate			
Allied Properties REIT	6,780	306	298
Boardwalk REIT	1,070	48	59
Chartwell Retirement Residences REIT	6,174	82	73
Colliers International Group Inc.	1,660	146	313
Dream Industrial REIT	4,236	58	73
First Capital REIT	5,020	97	95
Granite REIT Holdings LP	947	73	100
Killam Apartment REIT	3,362	49	79
RioCan REIT	2,129	49	49
Tricon Residential Inc.	23,745	263	459
Utilities			
Boralex Inc. Class A	1,982	47	69
Emera Inc.	1,337	78	85
Northland Power Inc.	2,491	82	95
TransAlta Corp.	3,835	34	54
Total Canadian Common Stock		13,273	17,215
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	875	14	18
BCE Inc. 3.865% Preferred	500	9	11
BCE Inc. 4.13% Preferred	75	1	2
BCE Inc. 4.38% Preferred	300	6	7
BCE Inc. Floating Rate Preferred	1,350	23	28
Energy			
Enbridge Inc. 3.737% Preferred	100	2	2
Enbridge Inc. 4.073% Preferred	300	5	6
Enbridge Inc. 4.097% Preferred	300	5	6
Enbridge Inc. 4.379% Preferred	300	5	6

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Canadian Preferred Stock (continued)			
Energy (continued)			
Enbridge Inc. 4.46% Preferred	300	5	6
Enbridge Inc. 5.086% Preferred	50	1	1
Enbridge Inc. 5.949% Preferred	175	4	5
Pembina Pipeline Corp. 4.90% Preferred	700	17	18
Pembina Pipeline Corp. 5.25% Preferred	175	4	5
TC Energy Corp. 1.694% Preferred	600	8	9
TC Energy Corp. 3.903% Preferred	50	1	1
TC Energy Corp. 4.90% Preferred	300	8	8
TransAlta Corp. 4.027% Preferred	275	5	6
Financials			
Bank of Montreal 3.624% Preferred	175	4	4
Bank of Montreal 4.40% Preferred	75	2	2
Brookfield Asset Management Inc. 5.061% Preferred	50	1	1
Brookfield Office Properties Inc. 4.85% Preferred	200	4	5
Brookfield Office Properties Inc. 6.00% Preferred	250	6	7
Element Fleet Management Corp. 6.933% Preferred	300	8	8
Intact Financial Corp. 5.40% Preferred	300	8	8
Manulife Financial Corp. 4.65% Preferred	250	6	6
National Bank of Canada 4.45% Preferred	200	5	5
National Bank of Canada 4.95% Preferred	250	6	6
Royal Bank of Canada 3.20% Preferred	25	1	1
Royal Bank of Canada 3.70% Preferred	50	1	1
Sagen MI Canada Inc. 5.40% Preferred	225	6	6
Sun Life Financial Inc. 4.45% Preferred	300	7	8
The Toronto-Dominion Bank 3.201% Preferred	400	10	10
The Toronto-Dominion Bank 3.662% Preferred	325	7	8
The Toronto-Dominion Bank 3.681% Preferred	625	14	15
The Toronto-Dominion Bank 4.70% Preferred	525	13	14
The Toronto-Dominion Bank 5.10% Preferred	875	23	23
Real Estate			
Brookfield Office Properties Inc. 4.161% Preferred	275	5	5
Brookfield Office Properties Inc. 5.10% Preferred	100	2	2

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Canadian Preferred Stock (continued)			
Utilities			
Brookfield Renewable Power Preferred Equity Inc. 5.00% Preferred	350	8	9
Canadian Utilities Ltd. 4.90% Preferred	125	3	3
Capital Power Corp. 5.238% Preferred	125	3	3
Capital Power Corp. 5.453% Preferred	50	1	1
Capital Power Corp. 5.75% Preferred	50	1	1
Emera Inc. 4.60% Preferred	350	9	9
TransAlta Corp. 5.194% Preferred	275	5	6
Total Canadian Preferred Stock		292	322
United States Common Stock			
Communication Services			
Alphabet Inc. Class C	392	528	1,435
Meta Platforms Inc.	1,689	366	719
Consumer Discretionary			
Amazon.com Inc.	196	670	827
Booking Holdings Inc.	166	403	504
Liberty Media Corp. Series C Liberty Braves	8,495	262	302
Live Nation Entertainment Inc.	2,720	183	412
McDonald's Corp.	1,149	299	390
Nike Inc. Class B	535	92	113
Consumer Staples			
Mondelez International Inc.	1,975	147	166
Pyxus International Inc.	687	3	1
Tops Holding LLC	85	40	38
Energy			
Cheniere Energy Inc.	1,141	84	146
Chevron Corp.	162	20	24
ConocoPhillips	565	34	52
Diamondback Energy Inc.	171	22	23
EOG Resources Inc.	507	50	57
Exxon Mobil Corp.	512	33	40
Green Plains Inc.	326	7	14
Hess Midstream LP	2,568	71	90

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As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Energy (continued)			
Marathon Petroleum Corp.	222	17	18
Occidental Petroleum Corp.	290	12	11
Pioneer Natural Resources Co.	52	12	12
Plains GP Holdings LP	5,900	112	76
The Williams Companies Inc.	3,338	122	110
Financials			
Bank of America Corp.	4,200	161	236
Berkshire Hathaway Inc. Class B	1,342	299	508
JPMorgan Chase & Co.	3,020	372	605
KKR & Co. Inc. Class A	4,200	140	396
Health Care			
Baxter International Inc.	2,100	225	228
Boston Scientific Corp.	3,010	140	162
Cigna Corp.	1,620	360	471
Laboratory Corp. of America Holdings	785	152	312
UnitedHealth Group Inc.	1,210	391	769
Industrials			
CoStar Group Inc.	3,470	364	347
CSX Corp.	3,720	148	177
TransDigm Group Inc.	198	156	159
Union Pacific Corp.	291	75	93
Waste Connections Inc.	1,390	181	240
Information Technology			
Apple Inc.	820	130	184
CACI International Inc.	717	225	244
Fiserv Inc.	2,290	296	301
MasterCard Inc. Class A	1,545	220	702
Microsoft Corp.	2,030	498	864
SS&C Technologies Holdings Inc.	2,360	181	245
VeriSign Inc.	825	219	265
Visa Inc. Class A	2,455	282	673

Growth & Income Fund (AGF)

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Materials			
Dakota Territory Resource Corp.	8,000	44	45
Newmont Corp. [USD]	1,100	77	86
Real Estate			
Alexandria Real Estate Equities Inc.	542	96	153
American Homes 4 Rent REIT	2,694	81	149
American Tower Corp. REIT Class A	1,282	323	474
Americold Realty Trust REIT	2,321	85	96
Apartment Income REIT Corp.	1,286	76	89
AvalonBay Communities Inc.	477	113	152
Camden Property Trust REIT	676	83	153
Crown Castle International Corp.	461	70	122
Duke Realty Corp. REIT	845	34	70
Equinix Inc. REIT	225	142	241
Equity Residential REIT	1,299	115	149
Invitation Homes Inc. REIT	2,561	80	147
Kilroy Realty Corp. REIT	781	69	66
Life Storage Inc. REIT	699	74	135
Medical Properties Trust Inc. REIT	1,918	51	57
ProLogis Inc. REIT	770	69	164
SBA Communications Corp.	328	63	161
Sun Communities Inc. REIT	169	31	45
Utilities			
Dominion Energy Inc.	948	90	94
Entergy Corp.	664	87	95
NextEra Energy Inc.	1,095	66	129
OGE Energy Corp.	2,101	88	102
Sempra Energy	517	78	87
Total United States Common Stock		10,989	17,022
United States Preferred Stock			
Financials			
Synchrony Financial 5.625% Preferred	900	30	31
Total United States Preferred Stock		30	31

Growth & Income Fund (AGF)

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock			
Australia			
Atlas Arteria Ltd. Unit	12,990	78	83
Bellevue Gold Ltd.	211,832	177	165
Matador Mining Ltd.	76,000	29	27
National Storage REIT	8,118	16	20
Transurban Group Stapled Security	9,587	113	122
West African Resources Ltd.	29,000	28	35
Bermuda			
Brookfield Asset Management Reinsurance Partners Ltd. Class A [USD]	104	7	8
Brookfield Infrastructure Partners LP	6,850	295	527
Brookfield Infrastructure Partners LP 5.00% Preferred	175	4	4
Brookfield Renewable Energy Partners LP	5,760	237	261
Brookfield Renewable Partners LP 5.00% Series 13 Preferred	75	2	2
Bunge Ltd.	81	8	10
IHS Markit Ltd.	1,315	141	221
Cayman Islands			
ESR Cayman Ltd.	32,894	97	141
Manchester United PLC	4,749	114	86
Chile			
Enel Americas SA	319,888	56	44
Sociedad Quimica y Minera de Chile SA	202	10	13
Denmark			
DSV AS	1,010	136	295
Novo Nordisk AS	2,951	233	417
France			
Argan SA REIT	100	16	17
BNP Paribas SA	5,782	439	506
Capgemini SA	992	231	308
Dassault Systemes SE	2,052	78	154
Hermes International	148	177	327
L'Oreal SA	672	341	403
LVMH Moet Hennessy Louis Vuitton SE	261	141	273

Growth & Income Fund (AGF)

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
France (continued)			
Schneider Electric SA	973	153	241
Societe Generale SA	7,064	220	307
Vinci SA	1,050	118	140
Germany			
Evotec SE	1,508	59	92
Hugo Boss AG	2,968	165	229
Infineon Technologies AG	2,168	108	127
Jenoptik AG	855	35	46
RWE AG	2,382	113	122
SAP SE	362	65	65
Sartorius AG	182	50	156
Siemens AG	1,072	233	236
Vantage Tower AG	5,708	210	264
VIB Vermoegen AG	305	16	20
Vonovia SE	1,676	127	117
Guernsey			
Industrials REIT Ltd.	10,281	31	35
Ireland			
Linde PLC [EUR]	782	163	344
Medtronic Co. PLC	2,030	267	266
Italy			
Enel SPA	10,841	109	109
Hera SPA	14,921	70	78
Japan			
Keyence Corp.	336	155	267
Lasertec Corp.	300	75	115
Nippon Prologis REIT Inc.	45	180	201
Shimano Inc.	300	106	101
Jersey			
Experian PLC	1,115	65	69
Ferguson PLC	1,286	181	288

Growth & Income Fund (AGF)

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Luxembourg			
Eurofins Scientific SE	970	108	152
Mexico			
Prologis Property Mexico SA REIT	179	1	1
Netherlands			
Airbus SE	702	106	113
ASML Holding NV	329	155	332
CTP NV	1,937	40	52
Euronext NV	1,115	100	146
ING Groep NV	8,066	148	142
Koninklijke Vopak NV	1,502	97	67
Stellantis NV	7,444	167	177
STMicroelectronics NV	4,174	150	259
Universal Music Group NV	3,858	146	137
Norway			
Sbanken ASA	4,536	57	61
Portugal			
EDP - Energias de Portugal SA	13,146	84	91
Singapore			
NetLink NBN Trust Unit	55,100	52	52
Parkway Life REIT	12,150	40	58
Spain			
CaixaBank	47,732	170	165
Ferrovial SA	3,414	101	135
Siemens Gamesa Renewable Energy SA	330	13	10
Sweden			
Assa Abloy AB	1,465	51	56
Atlas Copco AB Class A	4,318	222	378
Catena AB	108	8	9
Svenska Handelsbanken AB Class A	12,623	176	172
The Thule Group AB	1,827	71	140

Growth & Income Fund (AGF)

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Switzerland			
Givaudan SA	22	139	146
Nestle SA	2,234	357	395
Partners Group Holding AG	172	134	358
Roche Holding AG Genusscheine	204	105	107
United Kingdom			
Ashtead Group PLC	3,587	138	365
Compass Group PLC	3,752	102	106
Croda International PLC	1,947	199	337
Endeavour Mining PLC	5,118	143	142
Glencore Xstrata PLC	36,423	149	234
National Grid PLC	5,398	85	98
Royal Dutch Shell PLC	5,298	116	147
Royal Dutch Shell PLC Class A [Dutch shares]	12,080	341	336
Sensata Technologies Holding PLC	6,760	401	528
Softcat PLC	2,171	53	67
Warehouse REIT PLC	2,967	8	9
Total Global Common Stock		11,011	14,784
Total Stocks		35,595	49,374
Transaction Costs (see notes to financial statements (note 2))		(50)	
Total Investments		100,693	114,612

Growth & Income Fund (AGF)

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Growth & Income Fund (AGF) (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Growth & Income Fund (AGF)

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 29,399	\$ 1,484	\$ 30,883	\$ 309
Euro	6,997	(29)	6,968	70
Other Currencies	5,726	52	5,778	57
Total	\$ 42,122	\$ 1,507	\$ 43,629	\$ 436
As Percent of Net Assets Attributable to Contractholders			37.1%	0.4%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 37,657	\$ 1,311	\$ 38,968	\$ 390
Euro	5,391	389	5,780	58
Other Currencies	6,495	58	6,553	65
Total	\$ 49,543	\$ 1,758	\$ 51,301	\$ 513
As Percent of Net Assets Attributable to Contractholders			42.2%	0.4%

*Includes both monetary and non-monetary instruments

Growth & Income Fund (AGF)

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 2,456	\$ 24,286	\$ 17,123	\$ 21,373	\$ 65,238
2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 4,859	\$ 17,814	\$ 20,312	\$ 28,713	\$ 71,698

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$4,727 (\$5,349 at December 31, 2020) or approximately 4.0% (4.4% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 8)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Growth & Income Fund (AGF)

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk (continued)

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	4.0	2.3	7.0	4.2
AA	30.0	16.6	32.3	19.0
A	25.1	13.9	23.5	13.8
BBB	27.3	15.1	19.2	11.3
BB and lower	12.3	6.8	17.2	10.1
NR *	1.3	0.7	0.8	0.4
Total	100.0	55.4	100.0	58.8

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$494 (\$469 at December 31, 2020) or approximately 0.4% (0.4% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Growth & Income Fund (AGF)

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 65,088	\$ 150	\$ 65,238
Stocks	43,880	5,456	38	49,374
Total assets measured at fair value	\$ 43,880	\$ 70,544	\$ 188	\$ 114,612

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 71,692	\$ 6	\$ 71,698
Stocks	34,991	11,899	38	46,928
Total assets measured at fair value	\$ 34,991	\$ 83,591	\$ 44	\$ 118,626

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021		2020	
	Bonds	Stocks	Bonds	Stocks
Balance, beginning of year	\$ 6	\$ 38	\$ —	\$ 40
Total gain (loss) included in net assets from operations attributable to contractholders	—	—	—	(2)
Purchases	—	—	—	—
Sales	—	—	—	—
Settlements	—	—	—	—
Transfers into Level 3	144	—	6	—
Transfers out of Level 3	—	—	—	—
Balance, end of year	\$ 150	\$ 38	\$ 6	\$ 38
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —	\$ —	\$ (2)

Growth & Income Fund (AGF)

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	792,372	858,291	904,151	961,724	1,005,796	73,932	73,611	71,818	67,465	70,456
Individual	717,225	843,665	997,789	1,256,625	1,455,277	18,885	21,015	23,690	27,118	32,280
75/75 guarantee policy	164,382	206,683	213,145	215,615	224,264	2,743	3,262	3,204	2,944	3,146
75/100 guarantee policy	696,715	831,945	964,749	1,059,280	1,102,686	11,548	13,045	14,419	14,390	15,397
100/100 guarantee policy	25,586	32,854	39,020	44,506	60,155	412	501	569	591	823
PS1 75/75 guarantee policy	96,482	102,026	95,381	102,818	92,943	1,680	1,673	1,484	1,448	1,339
PS1 75/100 guarantee policy	440,574	474,993	560,880	513,805	544,901	7,550	7,678	8,617	7,154	7,776
PS1 100/100 guarantee policy	14,834	14,933	15,000	18,875	19,481	249	237	227	259	275
PS2 75/75 guarantee policy	6,253	10,747	10,171	5,856	12,902	138	218	191	97	213
PS2 75/100 guarantee policy	17,230	18,239	23,938	25,554	25,957	380	370	449	423	429
PS 75/75 guarantee policy	1,123	2,884	2,060	—	—	14	33	22	—	—
PS 75/100 guarantee policy	2,758	—	335	—	—	33	—	4	—	—
PPS 75/75 guarantee policy	2,711	2,741	2,773	2,804	—	33	31	30	27	—
PPS 75/100 guarantee policy	7,064	479	6,071	—	—	86	5	65	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	93.30	85.77	79.43	70.15	70.05	7.53	6.34
Individual	26.33	24.91	23.74	21.58	22.18	1.42	1.17
75/75 guarantee policy	16.69	15.78	15.03	13.65	14.03	0.91	0.75
75/100 guarantee policy	16.58	15.68	14.95	13.58	13.96	0.90	0.73
100/100 guarantee policy	16.08	15.25	14.57	13.28	13.69	0.83	0.68
PS1 75/75 guarantee policy	17.41	16.40	15.56	14.08	14.40	1.01	0.84
PS1 75/100 guarantee policy	17.14	16.17	15.36	13.92	14.27	0.97	0.81
PS1 100/100 guarantee policy	16.77	15.86	15.10	13.72	14.09	0.91	0.76
PS2 75/75 guarantee policy	22.06	20.27	18.77	16.57	16.54	1.79	1.50
PS2 75/100 guarantee policy	22.07	20.27	18.77	16.57	16.54	1.80	1.50
PS 75/75 guarantee policy	12.12	11.33	10.68	—	—	0.79	0.65
PS 75/100 guarantee policy	12.09	—	10.67	—	—	0.78	—
PPS 75/75 guarantee policy	12.29	11.45	10.74	9.61	—	0.84	0.71
PPS 75/100 guarantee policy	12.22	11.39	10.71	—	—	0.83	0.68

Growth & Income Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Growth & Income Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Growth & Income Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Growth & Income Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Growth & Income Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Growth & Income Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Growth & Income Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Growth & Income Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Growth & Income Fund (AGF)

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Growth & Income Fund (AGF)

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.92	2.92	2.92	2.93	2.93
75/75 guarantee policy	2.86	2.86	2.86	2.87	2.87
75/100 guarantee policy	2.92	2.92	2.92	2.93	2.92
100/100 guarantee policy	3.17	3.17	3.18	3.20	3.21
PS1 75/75 guarantee policy	2.46	2.46	2.46	2.47	2.46
PS1 75/100 guarantee policy	2.63	2.63	2.63	2.64	2.63
PS1 100/100 guarantee policy	2.85	2.85	2.85	2.86	2.86
PS 75/75 guarantee policy	1.76	1.74	1.73	—	—
PS 75/100 guarantee policy	1.78	—	1.82	—	—
PPS 75/75 guarantee policy	1.34	1.34	1.34	1.34	—
PPS 75/100 guarantee policy	1.49	1.52	1.51	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	148.69	50.67	38.63	47.44	60.81

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
FLOATING RATE INCOME FUND 8.23MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Floating Rate Income Fund 8.23MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Floating Rate Income Fund 8.23MF

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	905	613
Due from brokers	123	96
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	113,541	105,856
Total investments	113,541	105,856
Total assets	\$ 114,569	\$ 106,565
Liabilities		
Overdrafts	\$ 175	\$ 310
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	175	310
Net assets attributable to contractholders	\$ 114,394	\$ 106,255

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 5,824	\$ (4,253)
Miscellaneous income (loss)	—	—
Total income	5,824	(4,253)
Expenses		
Management fees (note 8)	1,869	2,248
Other	224	275
Total expenses	2,093	2,523
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 3,731	\$ (6,776)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 106,255	\$ 176,897
Contractholder deposits	21,879	7,660
Contractholder withdrawals	(17,471)	(71,526)
Increase (decrease) in net assets from operations attributable to contractholders	3,731	(6,776)
Change in net assets attributable to contractholders	8,139	(70,642)
Net assets attributable to contractholders - end of year	\$ 114,394	\$ 106,255

Floating Rate Income Fund 8.23MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 3,731	\$ (6,776)
Adjustments		
Realized (gains) losses	11,059	9,721
Unrealized (gains) losses	(11,695)	4,244
Gross proceeds of disposition of investments	124,965	69,486
Gross payments for the purchase of investments	(126,826)	(2,909)
Distribution income of underlying mutual fund	(5,188)	(9,712)
Change in due from/to The Canada Life Assurance Company	(292)	(596)
Change in due from/to brokers	(27)	(44)
	<u>(4,273)</u>	<u>63,414</u>
Financing Activities		
Contractholder deposits	21,879	7,660
Contractholder withdrawals	(17,471)	(71,526)
	<u>4,408</u>	<u>(63,866)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	135	(452)
Cash, short-term deposits and overdrafts, beginning of year	(310)	142
Cash, short-term deposits and overdrafts, end of year	\$ (175)	\$ (310)

Floating Rate Income Fund 8.23MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Floating Rate Income Fund Series S *	12,572,452	114,124	113,541
Total Investments		114,124	113,541

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	9.69%
OpenMarket Inc. Term Loan 1st Lien Floating Rate 09-17-2026	1.31%
Garrett LX I SARL Term Loan B 1st Lien Floating Rate 03-05-2028	0.92%
Magenta Buyer LLC Term Loan 1st Lien Floating Rate 05-03-2028	0.91%
Dotdash Meredith Inc. Term Loan B 1st Lien Floating Rate 11-23-2028	0.82%
US Radiology Specialists Inc. Term Loan B 1st Lien Floating Rate 12-15-2027	0.82%
LifeScan Global Corp. Term Loan 1st Lien Floating Rate 06-19-2024	0.77%
Ivanti Software Inc. Term Loan B 1st Lien Floating Rate 11-20-2027	0.77%
Autokiniton US Holdings Inc. Term Loan B 1st Lien Floating Rate 03-26-2028	0.77%
DIRECTV Financing LLC Term Loan 1st Lien Floating Rate 07-22-2027	0.74%
KP Germany Erste GmbH Term Loan B 1st Lien Floating Rate 02-04-2026	0.72%
Luxembourg Investment Co. 428 SARL Term Loan B 1st Lien Floating Rate 10-22-2028	0.68%
Plaskolite PPC Intermediate II LLC Term Loan 1st Lien Floating Rate 12-14-2025	0.68%
Think & Learn Private Ltd. Term B 1st Lien Floating Rate 11-05-2026	0.67%
Schweitzer-Mauduit International Inc. Term Loan Floating Rate 02-23-2028	0.67%
Xperi Holding Corp. Term Loan B 1st Lien Floating Rate 06-01-2025	0.65%
Northstar Group Services Inc. Term Loan 1st Lien Floating Rate 11-12-2026	0.65%
AIT Worldwide Logistics Holdings Inc. Term Loan 1st Lien Floating Rate 04-01-2028	0.63%
Mav Acquisition Corp. Term Loan B 1st Lien Floating Rate 07-21-2028	0.62%
ION Trading Finance Ltd. Term Loan B 1st Lien Floating Rate 03-26-2028	0.62%
Astoria Energy LLC Term Loan B 1st Lien Floating Rate 12-04-2027	0.61%
Creation Technologies Inc. Term Loan B 1st Lien Floating Rate 09-24-2028	0.61%
Plaze Inc. Term Loan 1st Lien Floating Rate 08-03-2026	0.61%
Jadex Inc. Term Loan 1st Lien Floating Rate 02-12-2028	0.61%
Alcami Carolinas Corp. Term Loan 1st Lien Floating Rate 07-06-2025	0.60%

*The issuer of this security is a related company to the issuer of the Fund.

Floating Rate Income Fund 8.23MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	1,950,660	794,031	722,372	945,574	459,232	26,955	10,404	9,468	11,694	5,483
75/75 guarantee policy	709,058	891,909	1,367,081	1,452,652	623,486	8,442	10,293	16,138	16,543	7,009
75/100 guarantee policy	3,180,051	3,734,043	6,308,515	7,523,616	3,050,042	37,568	42,806	74,057	85,299	34,175
100/100 guarantee policy	142,831	175,291	288,508	296,555	131,452	1,668	1,989	3,359	3,340	1,466
PS1 75/75 guarantee policy	376,238	374,068	627,987	811,497	255,440	4,665	4,471	7,631	9,457	2,921
PS1 75/100 guarantee policy	2,274,502	2,519,797	4,206,418	5,469,350	2,218,416	27,984	29,913	50,831	63,453	25,284
PS1 100/100 guarantee policy	147,536	171,808	290,237	237,599	107,265	1,794	2,019	3,478	2,738	1,216
PS2 75/75 guarantee policy	53,136	70,187	231,129	194,699	73,490	741	927	3,053	2,425	883
PS2 75/100 guarantee policy	113,467	128,044	453,020	581,364	227,688	1,582	1,692	5,984	7,241	2,736
PS2 100/100 guarantee policy	116,468	45,040	57,656	47,289	—	1,624	595	761	589	—
PS 75/75 guarantee policy	4,677	13,512	24,027	14,009	—	49	136	246	138	—
PS 75/100 guarantee policy	45,586	48,517	63,064	51,588	—	474	487	645	507	—
PPS 75/75 guarantee policy	2,212	3,985	9,228	—	—	23	41	95	—	—
PPS 75/100 guarantee policy	77,619	47,304	111,523	110,751	—	825	482	1,151	1,091	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	13.82	13.10	13.11	12.37	11.94	0.72	(0.01)
75/75 guarantee policy	11.91	11.54	11.80	11.39	11.24	0.37	(0.26)
75/100 guarantee policy	11.81	11.46	11.74	11.34	11.20	0.35	(0.28)
100/100 guarantee policy	11.68	11.35	11.64	11.26	11.15	0.33	(0.29)
PS1 75/75 guarantee policy	12.40	11.95	12.15	11.65	11.44	0.45	(0.20)
PS1 75/100 guarantee policy	12.30	11.87	12.08	11.60	11.40	0.43	(0.21)
PS1 100/100 guarantee policy	12.16	11.75	11.98	11.52	11.34	0.41	(0.23)
PS2 75/75 guarantee policy	13.94	13.21	13.21	12.46	12.02	0.73	—
PS2 75/100 guarantee policy	13.94	13.21	13.21	12.46	12.02	0.73	—
PS2 100/100 guarantee policy	13.94	13.21	13.21	12.46	—	0.73	—
PS 75/75 guarantee policy	10.45	10.07	10.24	9.83	—	0.38	(0.17)
PS 75/100 guarantee policy	10.41	10.04	10.23	9.82	—	0.37	(0.19)
PPS 75/75 guarantee policy	10.66	10.22	10.33	—	—	0.44	(0.11)
PPS 75/100 guarantee policy	10.62	10.19	10.32	9.85	—	0.43	(0.13)

Floating Rate Income Fund 8.23MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Floating Rate Income Fund 8.23MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Floating Rate Income Fund 8.23MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Floating Rate Income Fund 8.23MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Floating Rate Income Fund 8.23MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Floating Rate Income Fund 8.23MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Floating Rate Income Fund 8.23MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Floating Rate Income Fund 8.23MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Floating Rate Income Fund 8.23MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Floating Rate Income Fund 8.23MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Floating Rate Income Fund 8.23MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Floating Rate Income Fund 8.23MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.28	2.29	2.28	2.28	2.28
75/100 guarantee policy	2.39	2.40	2.39	2.39	2.39
100/100 guarantee policy	2.56	2.57	2.56	2.56	2.55
PS1 75/75 guarantee policy	1.71	1.69	1.69	1.68	1.68
PS1 75/100 guarantee policy	1.82	1.81	1.80	1.79	1.80
PS1 100/100 guarantee policy	1.99	1.97	1.96	1.96	1.96
PS 75/75 guarantee policy	1.74	1.73	1.72	1.71	—
PS 75/100 guarantee policy	1.83	1.84	1.83	1.83	—
PPS 75/75 guarantee policy	1.15	1.13	1.12	—	—
PPS 75/100 guarantee policy	1.26	1.25	1.23	1.23	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	1.71	1.71	1.71	1.70	1.70
PS1 75/100 guarantee policy	1.82	1.83	1.82	1.81	1.82
PS1 100/100 guarantee policy	1.99	1.99	1.98	1.98	1.98
PPS 75/75 guarantee policy	1.15	1.15	1.14	—	—
PPS 75/100 guarantee policy	1.26	1.27	1.25	1.25	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	113.68	2.25	4.85	1.54	2.29

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

U.S. LOW VOLATILITY FUND 8.25P

December 31, 2021

Independent Auditor's Report

To the Contractholders of U.S. Low Volatility Fund 8.25P (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

U.S. Low Volatility Fund 8.25P

(in Canadian \$ thousands)

Fund Manager: Putnam Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 76	\$ 71
Investment income due and accrued	10	10
Due from The Canada Life Assurance Company (note 7)	—	42
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	14,312	12,862
Investment fund units	—	—
Total investments	14,312	12,862
Total assets	\$ 14,398	\$ 12,985
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	23	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	23	—
Net assets attributable to contractholders	\$ 14,375	\$ 12,985

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 2,911	\$ 1,104
Miscellaneous income (loss)	(1)	(2)
Total income	2,910	1,102
Expenses		
Management fees (note 7)	312	323
Transaction costs	2	3
Withholding taxes	21	39
Other	37	39
Total expenses	372	404
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 2,538	\$ 698

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 12,985	\$ 14,858
Contractholder deposits	157	518
Contractholder withdrawals	(1,305)	(3,089)
Increase (decrease) in net assets from operations attributable to contractholders	2,538	698
Change in net assets attributable to contractholders	1,390	(1,873)
Net assets attributable to contractholders - end of year	\$ 14,375	\$ 12,985

U.S. Low Volatility Fund 8.25P

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 2,538	\$ 698
Adjustments		
Realized (gains) losses	(1,252)	(681)
Unrealized (gains) losses	(1,444)	(154)
Gross proceeds of disposition of investments	7,579	11,105
Gross payments for the purchase of investments	(6,333)	(8,386)
Change in investment income due and accrued	—	22
Change in due from/to The Canada Life Assurance Company	65	(45)
Change in due from/to brokers	—	10
	<u>1,153</u>	<u>2,569</u>
Financing Activities		
Contractholder deposits	157	518
Contractholder withdrawals	(1,305)	(3,089)
	<u>(1,148)</u>	<u>(2,571)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	5	(2)
Cash, short-term deposits and overdrafts, beginning of year	71	73
Cash, short-term deposits and overdrafts, end of year	\$ 76	\$ 71
Supplementary cash flow information		
Dividend income received	\$ 217	\$ 289

U.S. Low Volatility Fund 8.25P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
Activision Blizzard Inc.	118	12	10
Alphabet Inc. Class A	209	322	766
Meta Platforms Inc.	170	43	72
News Corp. Class B	5,949	188	169
Take-Two Interactive Software Inc.	19	3	4
The Interpublic Group of Companies Inc.	1,778	72	84
The Walt Disney Co.	57	9	11
Verizon Communications Inc.	3,212	233	211
Consumer Discretionary			
Amazon.com Inc.	150	464	633
Dollar General Corp.	60	15	18
Domino's Pizza Inc.	135	72	96
Gentex Corp.	3,374	133	149
O'Reilly Automotive Inc.	41	26	37
Polaris Inc.	617	98	86
Service Corp. International	2,915	186	262
Target Corp.	783	192	229
Consumer Staples			
Colgate Palmolive Co.	1,993	204	215
Costco Wholesale Corp.	265	111	190
McCormick & Co. Inc. non-voting	1,683	183	206
Mondelez International Inc.	2,637	158	221
The Procter & Gamble Co.	205	23	42
Energy			
Chevron Corp.	311	51	46
Kinder Morgan Inc.	6,096	168	122
The Williams Companies Inc.	2,421	77	80
Exchange Traded Funds			
SPDR S&P 500 ETF TRUST	540	310	324
Financials			
American Capital Agency Corp.	485	11	9
Arthur J. Gallagher & Co.	189	27	41

U.S. Low Volatility Fund 8.25P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Financials (continued)			
Berkshire Hathaway Inc. Class B	999	348	378
Intercontinental Exchange Inc.	1,439	155	249
JPMorgan Chase & Co.	1,650	206	331
Loews Corp.	957	62	70
Marsh & McLennan Companies Inc.	293	44	64
Rocket Companies Inc.	4,726	126	84
SVB Financial Group	73	51	63
The Allstate Corp.	1,008	115	150
The Goldman Sachs Group Inc.	18	5	9
Health Care			
AbbVie Inc.	538	65	92
Agilent Technologies Inc.	142	20	29
Amgen Inc.	199	49	57
Baxter International Inc.	971	83	105
Biogen Inc.	66	25	20
Bristol-Myers Squibb Co.	801	75	63
Cerner Corp.	1,972	189	232
Charles River Laboratories International Inc.	38	15	18
Eli Lilly and Co.	156	19	55
Humana Inc.	15	9	9
IQVIA Holdings Inc.	84	24	30
Johnson & Johnson Inc.	701	99	152
McKesson Corp.	812	192	255
Merck & Co. Inc.	765	56	74
Mettler-Toledo International Inc.	6	7	13
Moderna Inc.	51	4	16
Pfizer Inc.	1,546	64	115
Regeneron Pharmaceuticals Inc.	30	25	24
Thermo Fisher Scientific Inc.	66	21	56
United Therapeutics Corp.	28	4	8
Vertex Pharmaceuticals Inc.	87	24	24
Waters Corp.	16	6	8
Zimmer Holdings Inc.	342	69	55
Zoetis Inc.	145	12	45

U.S. Low Volatility Fund 8.25P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Industrials			
AGCO Corp.	1,117	188	164
CSX Corp.	3,194	130	152
Deere & Co.	492	215	213
Expeditors International of Washington Inc.	1,226	154	208
Illinois Tool Works Inc.	409	114	128
Lockheed Martin Corp.	62	31	28
The Toro Co.	975	132	123
Union Pacific Corp.	28	6	9
Waste Management Inc.	735	66	155
Information Technology			
Adobe Inc.	388	209	278
Advanced Micro Devices Inc.	2,203	222	401
Apple Inc.	2,727	153	613
Cisco Systems Inc.	3,578	228	287
Cognizant Technology Solutions Corp.	1,028	89	115
Dell Technologies Inc.	482	58	34
Dolby Laboratories Inc.	571	67	69
Electronic Arts Inc.	839	142	140
Gartner Inc.	474	134	200
Microsoft Corp.	2,447	483	1,042
NVIDIA Corp.	831	105	309
Oracle Corp.	772	69	85
TD SYNNEX Corp.	1,082	169	157
Texas Instruments Inc.	686	68	164
VMware Inc. Class A	212	33	31
Materials			
AptarGroup Inc.	269	42	42
Freeport-McMoRan Copper & Gold Inc.	3,870	199	204
The Sherwin-Williams Co.	489	150	218
Real Estate			
Alexandria Real Estate Equities Inc.	457	100	129
Duke Realty Corp. REIT	253	8	21
Equity Commonwealth REIT	5,412	191	177
First Industrial Realty Trust Inc. REIT	356	22	30

U.S. Low Volatility Fund 8.25P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
United States Common Stock (continued)			
Utilities			
American Electric Power Co. Inc.	634	53	71
DTE Energy Co.	545	79	82
Exelon Corp.	3,513	194	257
Total United States Common Stock		9,962	13,622
Global Common Stock			
Bermuda			
Genpact Ltd.	2,489	137	167
Guernsey			
Amdocs Ltd.	511	39	48
Ireland			
Accenture PLC Class A	416	134	218
Jazz Pharmaceuticals PLC	30	6	5
Medtronic Co. PLC	1,468	202	192
Netherlands			
QIAGEN NV	855	46	60
Total Global Common Stock		564	690
Total Stocks		10,526	14,312
Transaction Costs (see notes to financial statements (note 2))		(2)	
Total Investments		10,524	14,312

U.S. Low Volatility Fund 8.25P

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Low Volatility Fund 8.25P (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

U.S. Low Volatility Fund 8.25P

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 14,312	\$ 71	\$ 14,383	\$	144
Total	\$ 14,312	\$ 71	\$ 14,383	\$	144
As Percent of Net Assets Attributable to Contractholders			100.1%		1.0%

*Includes both monetary and non-monetary instruments

2020					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 12,862	\$ 65	\$ 12,927	\$	129
Total	\$ 12,862	\$ 65	\$ 12,927	\$	129
As Percent of Net Assets Attributable to Contractholders			99.5%		1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$143 (\$129 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

U.S. Low Volatility Fund 8.25P

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Stocks	\$	14,312	\$ —	\$ —	\$ 14,312
Total assets measured at fair value	\$	14,312	\$ —	\$ —	\$ 14,312

		2020			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Stocks	\$	12,862	\$ —	\$ —	\$ 12,862
Total assets measured at fair value	\$	12,862	\$ —	\$ —	\$ 12,862

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

U.S. Low Volatility Fund 8.25P

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	49,229	53,698	56,076	60,632	43,602	1,007	886	856	850	579
75/75 guarantee policy	50,156	79,132	98,772	102,889	130,916	783	1,026	1,216	1,199	1,486
75/100 guarantee policy	365,225	420,965	510,325	513,654	568,072	5,636	5,403	6,231	5,944	6,416
100/100 guarantee policy	20,335	21,862	32,449	35,360	45,581	308	276	391	405	511
PS1 75/75 guarantee policy	57,866	49,866	66,126	62,927	48,781	936	666	835	748	562
PS1 75/100 guarantee policy	297,781	309,458	340,790	319,736	382,981	4,725	4,068	4,245	3,760	4,378
PS1 100/100 guarantee policy	4,633	5,576	6,934	30,395	34,302	71	71	84	351	387
PS2 75/75 guarantee policy	25,923	16,042	41,033	42,274	46,857	494	247	582	552	579
PS2 75/100 guarantee policy	17,652	18,057	25,629	32,410	43,962	337	278	364	423	543
PS 75/75 guarantee policy	606	609	2,006	1,400	—	8	7	21	14	—
PS 75/100 guarantee policy	1,967	1,981	—	—	—	27	22	—	—	—
PPS 75/100 guarantee policy	3,142	3,167	3,194	1,250	—	43	35	33	12	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	20.45	16.51	15.26	14.02	13.27	3.94	1.25
75/75 guarantee policy	15.61	12.96	12.31	11.65	11.35	2.65	0.65
75/100 guarantee policy	15.43	12.83	12.21	11.57	11.30	2.60	0.62
100/100 guarantee policy	15.13	12.62	12.04	11.45	11.20	2.51	0.58
PS1 75/75 guarantee policy	16.18	13.37	12.63	11.89	11.53	2.81	0.74
PS1 75/100 guarantee policy	15.87	13.15	12.46	11.76	11.43	2.72	0.69
PS1 100/100 guarantee policy	15.38	12.80	12.18	11.55	11.28	2.58	0.62
PS2 75/75 guarantee policy	19.06	15.38	14.20	13.05	12.36	3.68	1.18
PS2 75/100 guarantee policy	19.06	15.38	14.20	13.06	12.36	3.68	1.18
PS 75/75 guarantee policy	13.60	11.16	10.48	9.81	—	2.44	0.68
PS 75/100 guarantee policy	13.51	11.11	—	—	—	2.40	0.65
PPS 75/100 guarantee policy	13.70	11.22	10.52	9.82	—	2.48	0.70

U.S. Low Volatility Fund 8.25P

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

U.S. Low Volatility Fund 8.25P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Low Volatility Fund 8.25P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Low Volatility Fund 8.25P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Low Volatility Fund 8.25P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S. Low Volatility Fund 8.25P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Low Volatility Fund 8.25P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

U.S. Low Volatility Fund 8.25P

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

U.S. Low Volatility Fund 8.25P

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Putnam Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

U.S. Low Volatility Fund 8.25P

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.87	2.87	2.88	2.89	2.89
75/100 guarantee policy	3.03	3.04	3.05	3.06	3.06
100/100 guarantee policy	3.31	3.32	3.33	3.35	3.35
PS1 75/75 guarantee policy	2.34	2.35	2.36	2.37	2.37
PS1 75/100 guarantee policy	2.63	2.63	2.64	2.66	2.65
PS1 100/100 guarantee policy	3.08	3.08	3.10	3.11	3.09
PS 75/75 guarantee policy	1.73	1.75	1.75	1.75	—
PS 75/100 guarantee policy	1.91	1.90	—	—	—
PPS 75/100 guarantee policy	1.51	1.51	1.52	1.52	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	47.46	55.83	56.18	79.09	53.25

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL DIVIDEND FUND 8.26SAM

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Dividend Fund 8.26SAM (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Dividend Fund 8.26SAM

(in Canadian \$ thousands)

Fund Manager: Setanta Asset Management Limited

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 4,885	\$ 4,223
Investment income due and accrued	693	310
Due from The Canada Life Assurance Company (note 7)	705	274
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	604,939	361,317
Investment fund units	—	—
Total investments	604,939	361,317
Total assets	\$ 611,222	\$ 366,124
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 611,222	\$ 366,124

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 67,057	\$ 8,040
Miscellaneous income (loss)	(1,571)	37
Total income	65,486	8,077
Expenses		
Management fees (note 7)	2,626	2,756
Transaction costs	493	376
Withholding taxes	2,202	726
Other	319	332
Total expenses	5,640	4,190
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 59,846	\$ 3,887

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 366,124	\$ 176,441
Contractholder deposits	245,366	207,369
Contractholder withdrawals	(60,114)	(21,573)
Increase (decrease) in net assets from operations attributable to contractholders	59,846	3,887
Change in net assets attributable to contractholders	245,098	189,683
Net assets attributable to contractholders - end of year	\$ 611,222	\$ 366,124

Global Dividend Fund 8.26SAM

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 59,846	\$ 3,887
Adjustments		
Realized (gains) losses	(15,023)	2,049
Unrealized (gains) losses	(30,458)	(3,308)
Gross proceeds of disposition of investments	137,995	66,383
Gross payments for the purchase of investments	(336,136)	(253,742)
Change in investment income due and accrued	(383)	(48)
Change in due from/to The Canada Life Assurance Company	(431)	(162)
Change in due from/to brokers	—	910
	(184,590)	(184,031)
Financing Activities		
Contractholder deposits	245,366	207,369
Contractholder withdrawals	(60,114)	(21,573)
	185,252	185,796
Net increase (decrease) in cash, short-term deposits and overdrafts	662	1,765
Cash, short-term deposits and overdrafts, beginning of year	4,223	2,458
Cash, short-term deposits and overdrafts, end of year	\$ 4,885	\$ 4,223
Supplementary cash flow information		
Dividend income received	\$ 21,193	\$ 6,734

Global Dividend Fund 8.26SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Consumer Discretionary			
McDonald's Corp.	47,415	12,225	16,079
Consumer Staples			
The Procter & Gamble Co.	120,415	19,134	24,917
Energy			
Exxon Mobil Corp.	102,097	6,477	7,903
Financials			
Federated Hermes Inc.	307,601	11,013	14,623
Health Care			
Johnson & Johnson Inc.	97,196	18,605	21,034
Information Technology			
Cisco Systems Inc.	218,041	11,762	17,479
Intel Corp.	175,078	11,150	11,406
Total United States Common Stock		90,366	113,441
Global Common Stock			
Australia			
Fortescue Metals Group Ltd.	627,288	10,061	11,084
Belgium			
Groupe Bruxelles Lambert SA *	132,648	16,516	18,738
Bermuda			
Lancashire Holdings Ltd.	1,678,750	18,900	15,230
NWS Holdings Ltd.	13,584,849	20,428	16,112
Finland			
Sampo OYJ A	376,945	21,531	23,770

*The issuer of this security is a related company to the issuer of the Fund.

Global Dividend Fund 8.26SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
France			
Air Liquide SA	63,356	13,006	13,979
Sanofi SA	136,851	16,739	17,445
Germany			
BASF SE	144,125	14,309	12,813
Ireland			
DCC PLC	144,941	14,545	15,010
Irish Residential Properties REIT	5,645,570	13,036	13,616
Medtronic Co. PLC	129,948	18,814	17,006
Italy			
Terna SPA	1,446,848	12,908	14,755
Portugal			
Redes Energeticas Nacionais SGPS SA	3,023,351	10,826	11,073
South Korea			
Samsung Electronics Co. Ltd. Preference Shares	259,600	18,702	19,633
SK Square Co. Ltd.	87,605	5,265	6,183
SK Telecom Co. Ltd.	225,911	13,681	13,896
Spain			
Merlin Properties Socimi SA REIT	991,841	13,059	13,617
Viscofan SA	178,448	15,514	14,578
Zardoya Otis SA	1,833,280	16,545	18,756
Sweden			
Sandvik AB	366,582	10,317	12,943
Svenska Handelsbanken AB Class A	1,265,384	17,474	17,263
Swedish Match AB	1,040,275	9,262	10,445
Telia Co. AB	2,050,157	11,240	10,130

Global Dividend Fund 8.26SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Switzerland			
Cie Financiere Richemont SA Warrant 11-25-2023	173,576	-	241
Compagnie Financiere Richemont SA	46,159	5,049	8,710
Nestle SA	120,363	17,334	21,261
Novartis AG	147,954	16,069	16,418
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	124,175	13,997	18,899
Thailand			
Bangkok Bank PCL GDR	3,618,000	17,822	16,726
United Kingdom			
GlaxoSmithKline PLC	765,164	18,471	21,043
National Grid PLC	916,780	14,246	16,631
Smiths Group PLC	669,044	17,090	18,089
Unilever PLC	227,499	16,582	15,405
Total Global Common Stock		469,338	491,498
Total Stocks		559,704	604,939
Transaction Costs (see notes to financial statements (note 2))		(716)	
Total Investments		558,988	604,939

Global Dividend Fund 8.26SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Global Dividend Fund 8.26SAM (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Global Dividend Fund 8.26SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 188,545	\$ 17	\$ 188,562	\$ 1,886
United States Dollar	149,346	—	149,346	1,493
United Kingdom Pound Sterling	86,003	1	86,004	860
Swedish Krona	50,781	—	50,781	508
Other Currencies	130,264	—	130,264	1,303
Total	\$ 604,939	\$ 18	\$ 604,957	\$ 6,050
As Percent of Net Assets Attributable to Contractholders				99.0%
				1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 116,787	\$ 8	\$ 116,795	\$ 1,168
United States Dollar	86,562	—	86,562	866
United Kingdom Pound Sterling	51,125	(1)	51,124	511
Swedish Krona	25,224	—	25,224	252
Other Currencies	81,619	—	81,619	816
Total	\$ 361,317	\$ 7	\$ 361,324	\$ 3,613
As Percent of Net Assets Attributable to Contractholders				98.7%
				1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$6,049 (\$3,613 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Global Dividend Fund 8.26SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 359,224	\$ 245,715	\$ —	\$ 604,939
Total assets measured at fair value	\$ 359,224	\$ 245,715	\$ —	\$ 604,939

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 97,901	\$ 263,416	\$ —	\$ 361,317
Total assets measured at fair value	\$ 97,901	\$ 263,416	\$ —	\$ 361,317

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Global Dividend Fund 8.26SAM

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	1,753,435	1,657,079	1,704,989	1,302,621	1,108,496	32,110	27,101	27,266	18,027	15,164
75/75 guarantee policy	775,343	846,053	954,159	866,213	645,045	11,607	11,636	13,200	10,667	8,078
75/100 guarantee policy	2,669,907	3,142,492	3,782,600	3,644,893	2,498,145	39,504	42,789	51,896	44,590	31,130
100/100 guarantee policy	62,329	67,198	74,345	90,666	73,601	904	900	1,006	1,097	910
PS1 75/75 guarantee policy	441,707	496,135	578,733	545,403	370,107	6,826	7,012	8,190	6,839	4,698
PS1 75/100 guarantee policy	2,213,076	2,486,883	2,970,530	2,650,808	1,705,494	33,473	34,496	41,374	32,808	21,435
PS1 100/100 guarantee policy	67,092	63,248	71,919	67,862	26,986	987	856	981	825	335
PS2 75/75 guarantee policy	230,538	238,817	265,850	292,054	176,211	4,213	3,896	4,239	4,029	2,402
PS2 75/100 guarantee policy	242,784	353,586	448,264	454,232	394,937	4,437	5,768	7,148	6,266	5,383
PS2 100/100 guarantee policy	142,989	152,882	162,554	168,481	12,258	2,613	2,494	2,592	2,324	167
PS 75/75 guarantee policy	11,984	15,071	23,868	16,119	—	146	166	262	156	—
PS 75/100 guarantee policy	51,284	50,717	49,188	13,714	—	619	557	539	132	—
PPS 75/75 guarantee policy	47,675	53,264	70,136	29,203	—	588	594	775	283	—
PPS 75/100 guarantee policy	23,332	38,379	37,462	4,564	—	285	425	412	44	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	18.31	16.35	15.99	13.84	13.68	1.96	0.36
75/75 guarantee policy	14.97	13.75	13.83	12.32	12.52	1.22	(0.08)
75/100 guarantee policy	14.80	13.62	13.72	12.23	12.46	1.18	(0.10)
100/100 guarantee policy	14.51	13.39	13.53	12.10	12.36	1.12	(0.14)
PS1 75/75 guarantee policy	15.45	14.13	14.15	12.54	12.69	1.32	(0.02)
PS1 75/100 guarantee policy	15.12	13.87	13.93	12.38	12.57	1.25	(0.06)
PS1 100/100 guarantee policy	14.71	13.54	13.64	12.16	12.40	1.17	(0.10)
PS2 75/75 guarantee policy	18.27	16.31	15.95	13.79	13.63	1.96	0.36
PS2 75/100 guarantee policy	18.27	16.31	15.95	13.79	13.63	1.96	0.36
PS2 100/100 guarantee policy	18.27	16.31	15.95	13.79	13.63	1.96	0.36
PS 75/75 guarantee policy	12.15	11.04	10.98	9.66	—	1.11	0.06
PS 75/100 guarantee policy	12.08	10.99	10.95	9.65	—	1.09	0.04
PPS 75/75 guarantee policy	12.34	11.16	11.05	9.68	—	1.18	0.11
PPS 75/100 guarantee policy	12.22	11.08	11.00	9.67	—	1.14	0.08

Global Dividend Fund 8.26SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Global Dividend Fund 8.26SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Dividend Fund 8.26SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Dividend Fund 8.26SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Global Dividend Fund 8.26SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Global Dividend Fund 8.26SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Dividend Fund 8.26SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Global Dividend Fund 8.26SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Global Dividend Fund 8.26SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Setanta Asset Management Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Global Dividend Fund 8.26SAM

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.87	2.87	2.87	2.87	2.86
75/100 guarantee policy	3.04	3.04	3.04	3.04	3.03
100/100 guarantee policy	3.32	3.32	3.32	3.32	3.31
PS1 75/75 guarantee policy	2.41	2.41	2.41	2.41	2.40
PS1 75/100 guarantee policy	2.69	2.69	2.69	2.72	2.74
PS1 100/100 guarantee policy	3.03	3.03	3.03	3.10	3.18
PS 75/75 guarantee policy	1.75	1.75	1.75	1.74	—
PS 75/100 guarantee policy	1.92	1.92	1.91	1.91	—
PPS 75/75 guarantee policy	1.29	1.29	1.29	1.29	—
PPS 75/100 guarantee policy	1.58	1.57	1.57	1.56	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	20.82	36.90	23.99	33.22	20.79

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL UNCONSTRAINED FUND 8.97MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Unconstrained Fund 8.97MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Unconstrained Fund 8.97MF

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 279	\$ 68
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	191	553
Due from brokers	17	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	540,031	578,522
Total investments	540,031	578,522
Total assets	\$ 540,518	\$ 579,143
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	104
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	104
Net assets attributable to contractholders	\$ 540,518	\$ 579,039

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (292)	\$ 35,414
Miscellaneous income (loss)	—	—
Total income	(292)	35,414
Expenses		
Management fees (note 8)	1,978	2,055
Other	255	264
Total expenses	2,233	2,319
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (2,525)	\$ 33,095

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 579,039	\$ 569,333
Contractholder deposits	55,598	72,513
Contractholder withdrawals	(91,594)	(95,902)
Increase (decrease) in net assets from operations attributable to contractholders	(2,525)	33,095
Change in net assets attributable to contractholders	(38,521)	9,706
Net assets attributable to contractholders - end of year	\$ 540,518	\$ 579,039

Global Unconstrained Fund 8.97MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (2,525)	\$ 33,095
Adjustments		
Realized (gains) losses	2,017	1,168
Unrealized (gains) losses	19,959	(6,601)
Gross proceeds of disposition of investments	56,081	61,714
Gross payments for the purchase of investments	(17,882)	(35,094)
Distribution income of underlying mutual fund	(21,684)	(29,981)
Change in due from/to The Canada Life Assurance Company	362	(792)
Change in due from/to brokers	(121)	3
	<u>36,207</u>	<u>23,512</u>
Financing Activities		
Contractholder deposits	55,598	72,513
Contractholder withdrawals	(91,594)	(95,902)
	<u>(35,996)</u>	<u>(23,389)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	211	123
Cash, short-term deposits and overdrafts, beginning of year	68	(55)
Cash, short-term deposits and overdrafts, end of year	\$ 279	\$ 68

Global Unconstrained Fund 8.97MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Unconstrained Fixed Income Fund Series S *	55,768,716	566,863	540,031
Total Investments		566,863	540,031

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	4.20%
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%
People's Republic of China 3.13% 11-21-2029	2.71%
People's Republic of China 1.99% 04-09-2025	2.41%
Mackenzie Canadian Short-Term Bond Index ETF *	2.30%
Government of Canada 1.00% 09-01-2026	2.21%
People's Republic of China 3.29% 05-23-2029	1.93%
United States Treasury Inflation Index 0.13% 02-15-2051	1.58%
Government of Russia 7.65% 04-10-2030	1.37%
Mackenzie Credit Absolute Return Fund Series R *	1.33%
United States Treasury Inflation Index 0.25% 02-15-2050	1.04%
Enbridge Inc. 5.375% 09-27-2077	0.98%
Mackenzie Floating Rate Income Fund Series R *	0.93%
International Finance Corp. 7.75% 01-18-2030	0.76%
Mackenzie Emerging Markets Bond Index ETF *	0.75%
Mackenzie Global Sustainable Bond ETF *	0.71%
Government of Mexico 7.75% 05-29-2031	0.70%
Canada Housing Trust No. 1 Floating Rate 03-15-2024	0.69%
Northleaf Private Credit II LP MI 15	0.64%
Government of Canada 0.50% 12-01-2050 Real Return	0.56%
Inter Pipeline Ltd. 6.875% 03-26-2079	0.50%
Sunset Debt Merger Sub Inc. Term Loan B 1st Lien 09-17-2028	0.47%
International Finance Corp. 7.50% 01-18-2028	0.45%
Logan Group Co. Ltd. 4.70% 07-06-2026	0.41%

*The issuer of this security is a related company to the issuer of the Fund.

Global Unconstrained Fund 8.97MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	209,445	207,253	193,975	138,971	134,878	2,861	2,833	2,493	1,676	1,600
75/75 guarantee policy	516,690	683,367	745,326	566,177	267,995	6,049	8,190	8,592	6,267	2,985
75/100 guarantee policy	3,390,717	3,725,821	4,190,928	3,068,151	1,633,504	39,420	44,396	48,084	33,842	18,148
100/100 guarantee policy	81,427	89,728	108,716	116,447	114,301	937	1,060	1,239	1,278	1,265
PS1 75/75 guarantee policy	460,132	525,428	540,553	396,106	122,895	5,588	6,495	6,388	4,468	1,386
PS1 75/100 guarantee policy	3,440,773	3,499,081	3,661,245	2,872,720	1,451,647	41,492	43,000	43,064	32,290	16,336
PS1 100/100 guarantee policy	80,091	47,150	61,069	49,305	36,266	956	574	713	551	407
PS2 75/75 guarantee policy	155,380	288,793	273,995	180,236	62,998	2,103	3,908	3,483	2,149	738
PS2 75/100 guarantee policy	330,546	365,840	218,268	169,797	112,419	4,473	4,950	2,775	2,025	1,317
PS2 100/100 guarantee policy	70,279	72,512	68,105	69,802	—	951	981	866	832	—
PS 75/75 guarantee policy	8,462	11,701	20,851	10,054	—	90	127	216	100	—
PS 75/100 guarantee policy	66,173	62,421	76,644	40,166	—	702	675	794	398	—
PS 100/100 guarantee policy	3,118	5,699	5,733	5,138	—	33	61	59	51	—
PPS 75/75 guarantee policy	44,418	40,466	49,454	13,343	—	483	446	518	133	—
PPS 75/100 guarantee policy	63,146	88,553	98,537	26,460	—	684	972	1,030	263	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	13.66	13.67	12.85	12.06	11.86	(0.01)	0.82
75/75 guarantee policy	11.71	11.99	11.53	11.07	11.14	(0.28)	0.46
75/100 guarantee policy	11.63	11.92	11.47	11.03	11.11	(0.29)	0.45
100/100 guarantee policy	11.50	11.81	11.39	10.97	11.07	(0.31)	0.42
PS1 75/75 guarantee policy	12.14	12.36	11.82	11.28	11.28	(0.22)	0.54
PS1 75/100 guarantee policy	12.06	12.29	11.76	11.24	11.25	(0.23)	0.53
PS1 100/100 guarantee policy	11.93	12.18	11.68	11.18	11.21	(0.25)	0.50
PS2 75/75 guarantee policy	13.53	13.53	12.71	11.92	11.72	—	0.82
PS2 75/100 guarantee policy	13.53	13.53	12.71	11.92	11.72	—	0.82
PS2 100/100 guarantee policy	13.53	13.53	12.71	11.93	—	—	0.82
PS 75/75 guarantee policy	10.66	10.85	10.37	9.91	—	(0.19)	0.48
PS 75/100 guarantee policy	10.61	10.82	10.36	9.90	—	(0.21)	0.46
PS 100/100 guarantee policy	10.55	10.77	10.33	9.89	—	(0.22)	0.44
PPS 75/75 guarantee policy	10.88	11.01	10.47	9.94	—	(0.13)	0.54
PPS 75/100 guarantee policy	10.83	10.98	10.45	9.93	—	(0.15)	0.53

Global Unconstrained Fund 8.97MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Unconstrained Fund 8.97MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Global Unconstrained Fund 8.97MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Unconstrained Fund 8.97MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Unconstrained Fund 8.97MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Global Unconstrained Fund 8.97MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Global Unconstrained Fund 8.97MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Unconstrained Fund 8.97MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Global Unconstrained Fund 8.97MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Unconstrained Fund 8.97MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Unconstrained Fund 8.97MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Unconstrained Fund 8.97MF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.36	2.35	2.35	2.35	2.31
75/100 guarantee policy	2.47	2.47	2.46	2.47	2.43
100/100 guarantee policy	2.64	2.64	2.63	2.64	2.59
PS1 75/75 guarantee policy	1.78	1.75	1.75	1.74	1.72
PS1 75/100 guarantee policy	1.89	1.87	1.86	1.86	1.84
PS1 100/100 guarantee policy	2.05	2.04	2.03	2.04	2.01
PS 75/75 guarantee policy	1.79	1.79	1.79	1.78	—
PS 75/100 guarantee policy	1.90	1.90	1.90	1.90	—
PS 100/100 guarantee policy	2.09	2.07	2.07	2.06	—
PPS 75/75 guarantee policy	1.21	1.19	1.18	1.18	—
PPS 75/100 guarantee policy	1.33	1.30	1.30	1.30	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	1.78	1.77	1.77	1.76	1.74
PS1 75/100 guarantee policy	1.89	1.89	1.88	1.88	1.86
PS1 100/100 guarantee policy	2.05	2.06	2.05	2.06	2.03
PPS 75/75 guarantee policy	1.21	1.21	1.20	1.20	—
PPS 75/100 guarantee policy	1.33	1.32	1.32	1.32	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	3.22	6.18	3.86	5.93	5.36

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
EUROPEAN EQUITY FUND 2.38SAM

December 31, 2021

Independent Auditor's Report

To the Contractholders of European Equity Fund 2.38SAM (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

European Equity Fund 2.38SAM

(in Canadian \$ thousands)

Fund Manager: Setanta Asset Management Limited

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 885	\$ 45
Investment income due and accrued	57	64
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	35	35
Investments		
Bonds	—	—
Stocks	39,124	38,864
Investment fund units	—	—
Total investments	39,124	38,864
Total assets	\$ 40,101	\$ 39,008
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	16	26
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	16	26
Net assets attributable to contractholders	\$ 40,085	\$ 38,982

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 5,324	\$ (4,007)
Miscellaneous income (loss)	(13)	16
Total income	5,311	(3,991)
Expenses		
Management fees (note 7)	854	890
Transaction costs	5	3
Withholding taxes	110	72
Other	100	105
Total expenses	1,069	1,070
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 4,242	\$ (5,061)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 38,982	\$ 51,277
Contractholder deposits	1,638	2,024
Contractholder withdrawals	(4,777)	(9,258)
Increase (decrease) in net assets from operations attributable to contractholders	4,242	(5,061)
Change in net assets attributable to contractholders	1,103	(12,295)
Net assets attributable to contractholders - end of year	\$ 40,085	\$ 38,982

European Equity Fund 2.38SAM

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 4,242	\$ (5,061)
Adjustments		
Realized (gains) losses	(565)	2,687
Unrealized (gains) losses	(3,882)	2,373
Gross proceeds of disposition of investments	5,848	7,005
Gross payments for the purchase of investments	(1,661)	(2,368)
Change in investment income due and accrued	7	15
Change in due from/to The Canada Life Assurance Company	(10)	73
Change in due from/to outside parties	—	1
	<u>3,979</u>	<u>4,725</u>
Financing Activities		
Contractholder deposits	1,638	2,024
Contractholder withdrawals	(4,777)	(9,258)
	<u>(3,139)</u>	<u>(7,234)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	840	(2,509)
Cash, short-term deposits and overdrafts, beginning of year	45	2,554
Cash, short-term deposits and overdrafts, end of year	\$ 885	\$ 45
Supplementary cash flow information		
Dividend income received	\$ 884	\$ 1,068

European Equity Fund 2.38SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Consumer Discretionary			
Booking Holdings Inc.	441	1,078	1,337
Total United States Common Stock		1,078	1,337
Global Common Stock			
Belgium			
Groupe Bruxelles Lambert SA *	17,217	1,539	2,432
Proximus Group	18,960	622	468
Bermuda			
Lancashire Holdings Ltd.	119,279	1,442	1,082
Finland			
Fortum OYJ	21,802	566	842
France			
EssilorLuxottica SA	5,057	1,065	1,363
Sanofi SA	13,447	1,292	1,714
Germany			
Adidas AG	2,800	1,207	1,021
GEA Group AG	29,634	1,153	2,051
Ireland			
Bank of Ireland Group PLC	143,354	1,215	1,029
CRH PLC [EUR]	41,574	1,475	2,782
DCC PLC	25,115	1,272	2,601
Ryanair Holdings PLC ADR	6,587	822	853
Isle Of Man			
Playtech PLC	79,288	832	994
Italy			
Eni SPA	41,958	1,045	733

*The issuer of this security is a related company to the issuer of the Fund.

European Equity Fund 2.38SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Netherlands			
Heineken Holdings NV	7,651	842	893
Sweden			
Telefonaktiebolaget LM Ericsson	127,486	993	1,770
Switzerland			
Alcon Inc.	12,161	945	1,354
Novartis AG	15,219	1,144	1,689
The Swatch Group AG	1,523	794	586
United Kingdom			
BP PLC	104,260	790	590
Diageo PLC	31,781	981	2,196
GlaxoSmithKline PLC	72,699	1,866	1,999
Liberty Global PLC Class C	48,033	2,538	1,707
LSL Property Services PLC	123,074	782	864
Melrose Industries PLC	442,793	1,110	1,212
Smiths Group PLC	21,685	468	586
Unilever PLC	12,626	823	855
United Utilities Group PLC	46,358	650	864
Vodafone Group PLC	341,960	1,426	657
Total Global Common Stock		31,699	37,787
Total Stocks		32,777	39,124
Transaction Costs (see notes to financial statements (note 2))		(31)	
Total Investments		32,746	39,124

European Equity Fund 2.38SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the European Equity Fund 2.38SAM (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

European Equity Fund 2.38SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 16,183	\$ 13	\$ 16,196	\$ 162
United Kingdom Pound Sterling	13,645	—	13,645	136
United States Dollar	3,897	7	3,904	39
Swiss Franc	3,629	—	3,629	36
Other Currencies	1,770	—	1,770	18
Total	\$ 39,124	\$ 20	\$ 39,144	\$ 391
As Percent of Net Assets Attributable to Contractholders				97.7%
				1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 14,548	\$ 14	\$ 14,562	\$ 146
United Kingdom Pound Sterling	14,127	—	14,127	141
United States Dollar	4,214	—	4,214	42
Swiss Franc	3,899	16	3,915	39
Other Currencies	2,076	—	2,076	21
Total	\$ 38,864	\$ 30	\$ 38,894	\$ 389
As Percent of Net Assets Attributable to Contractholders				99.8%
				1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased (or decreased) by approximately \$391 (\$389 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

European Equity Fund 2.38SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 29,079	\$ 10,045	\$ —	\$ 39,124
Total assets measured at fair value	\$ 29,079	\$ 10,045	\$ —	\$ 39,124

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 6,342	\$ 32,522	\$ —	\$ 38,864
Total assets measured at fair value	\$ 6,342	\$ 32,522	\$ —	\$ 38,864

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

European Equity Fund 2.38SAM

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	59,299	62,353	70,324	84,542	93,107	11,863	10,945	13,350	14,140	16,259
Individual	602,142	703,463	858,227	1,145,732	1,378,046	7,028	7,432	10,115	12,273	15,912
75/75 guarantee policy	156,553	185,345	223,577	238,898	231,903	2,808	3,002	4,031	3,906	4,077
75/100 guarantee policy	483,303	527,974	644,878	771,579	808,174	8,422	8,328	11,348	12,340	13,933
100/100 guarantee policy	14,410	15,992	25,568	33,725	33,860	240	242	433	520	565
PS1 75/75 guarantee policy	52,508	57,074	70,632	76,731	78,992	1,116	1,090	1,495	1,466	1,615
PS1 75/100 guarantee policy	271,718	278,636	329,858	402,885	521,407	5,590	5,171	6,806	7,529	10,460
PS1 100/100 guarantee policy	7,690	7,858	9,331	12,232	11,593	152	140	186	222	227
PS2 75/75 guarantee policy	26,261	30,782	37,506	41,302	48,364	708	728	958	929	1,136
PS2 75/100 guarantee policy	31,487	34,312	52,767	76,612	60,713	848	811	1,348	1,724	1,426
PS 75/75 guarantee policy	7,039	7,299	9,315	4,114	—	71	66	93	37	—
PS 75/100 guarantee policy	14,008	7,862	6,461	3,564	—	141	71	64	32	—
PPS 75/75 guarantee policy	3,326	2,377	133	12,008	—	34	22	1	107	—
PPS 75/100 guarantee policy	249	250	252	253	—	3	2	3	2	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	200.05	175.54	189.83	167.25	174.62	24.51	(14.29)
Individual	11.67	10.56	11.79	10.71	11.55	1.11	(1.23)
75/75 guarantee policy	17.93	16.20	18.03	16.35	17.58	1.73	(1.83)
75/100 guarantee policy	17.43	15.77	17.60	15.99	17.24	1.66	(1.83)
100/100 guarantee policy	16.67	15.13	16.93	15.43	16.69	1.54	(1.80)
PS1 75/75 guarantee policy	21.25	19.10	21.17	19.11	20.45	2.15	(2.07)
PS1 75/100 guarantee policy	20.57	18.56	20.63	18.69	20.06	2.01	(2.07)
PS1 100/100 guarantee policy	19.70	17.85	19.94	18.14	19.56	1.85	(2.09)
PS2 75/75 guarantee policy	26.94	23.63	25.55	22.50	23.49	3.31	(1.92)
PS2 75/100 guarantee policy	26.94	23.63	25.55	22.50	23.48	3.31	(1.92)
PS 75/75 guarantee policy	10.11	9.03	9.94	8.91	—	1.08	(0.91)
PS 75/100 guarantee policy	10.03	8.98	9.90	8.90	—	1.05	(0.92)
PPS 75/75 guarantee policy	10.28	9.14	10.01	8.93	—	1.14	(0.87)
PPS 75/100 guarantee policy	10.16	9.06	9.96	8.92	—	1.10	(0.90)

European Equity Fund 2.38SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

European Equity Fund 2.38SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

European Equity Fund 2.38SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

European Equity Fund 2.38SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

European Equity Fund 2.38SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

European Equity Fund 2.38SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

European Equity Fund 2.38SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

European Equity Fund 2.38SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

European Equity Fund 2.38SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Setanta Asset Management Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

European Equity Fund 2.38SAM

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.15	3.15	3.16	3.24	3.32
75/75 guarantee policy	2.93	2.93	2.93	2.99	3.06
75/100 guarantee policy	3.15	3.15	3.16	3.23	3.32
100/100 guarantee policy	3.43	3.44	3.44	3.56	3.75
PS1 75/75 guarantee policy	2.47	2.47	2.47	2.48	2.46
PS1 75/100 guarantee policy	2.80	2.81	2.81	2.82	2.79
PS1 100/100 guarantee policy	3.25	3.26	3.26	3.27	3.24
PS 75/75 guarantee policy	1.80	1.81	1.80	1.80	—
PS 75/100 guarantee policy	2.02	2.03	2.03	2.03	—
PPS 75/75 guarantee policy	1.34	1.33	1.35	1.35	—
PPS 75/100 guarantee policy	1.68	1.68	1.66	1.68	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	4.24	5.81	4.05	10.27	20.18

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

INCOME FUND 2.06MX

December 31, 2021

Independent Auditor's Report

To the Contractholders of Income Fund 2.06MX (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Income Fund 2.06MX

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	111	590
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	1,004,853	1,130,874
Total investments	1,004,853	1,130,874
Total assets	\$ 1,004,964	\$ 1,131,464
Liabilities		
Overdrafts	\$ 93	\$ 646
Due to The Canada Life Assurance Company (note 8)	81	268
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	174	914
Net assets attributable to contractholders	\$ 1,004,790	\$ 1,130,550

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (24,867)	\$ 98,197
Miscellaneous income (loss)	—	—
Total income	(24,867)	98,197
Expenses		
Management fees (note 8)	1,363	1,636
Other	168	201
Total expenses	1,531	1,837
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (26,398)	\$ 96,360

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 1,130,550	\$ 1,133,214
Contractholder deposits	72,957	73,922
Contractholder withdrawals	(172,319)	(172,946)
Increase (decrease) in net assets from operations attributable to contractholders	(26,398)	96,360
Change in net assets attributable to contractholders	(125,760)	(2,664)
Net assets attributable to contractholders - end of year	\$ 1,004,790	\$ 1,130,550

Income Fund 2.06MX

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (26,398)	\$ 96,360
Adjustments		
Realized (gains) losses	(3,098)	(10,616)
Unrealized (gains) losses	56,453	(46,300)
Gross proceeds of disposition of investments	149,857	175,004
Gross payments for the purchase of investments	(48,703)	(74,832)
Distribution income of underlying mutual fund	(28,488)	(41,281)
Change in due from/to The Canada Life Assurance Company	(187)	481
Change in due from/to brokers	479	(373)
	<u>99,915</u>	<u>98,443</u>
Financing Activities		
Contractholder deposits	72,957	73,922
Contractholder withdrawals	(172,319)	(172,946)
	<u>(99,362)</u>	<u>(99,024)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	553	(581)
Cash, short-term deposits and overdrafts, beginning of year	(646)	(65)
Cash, short-term deposits and overdrafts, end of year	\$ (93)	\$ (646)

Income Fund 2.06MX

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Canadian Core Plus Bond Fund Series S *	151,914,410	986,083	1,004,853
Total Investments		986,083	1,004,853

Top 25 Holdings

Security Description	% of Total
Government of Canada 1.00% 09-01-2026	5.66%
Mackenzie Floating Rate Income ETF *	4.99%
Province of Ontario 2.25% 12-02-2031	4.46%
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.08%
Province of Quebec 3.10% 12-01-2051	1.96%
Province of British Columbia 1.55% 06-18-2031	1.74%
Province of Ontario 1.90% 12-02-2051	1.55%
Royal Bank of Canada 2.88% 12-23-2029	1.40%
City of Toronto 5.20% 06-01-2040	1.35%
Province of Quebec 1.50% 09-01-2031	1.33%
Government of Canada 2.00% 12-01-2051	1.28%
Province of Manitoba 2.85% 09-05-2046	1.05%
Province of Alberta 2.55% 06-01-2027	1.00%
Muskrat Falls 3.86% 12-01-2048	0.99%
Government of Canada 0.50% 12-01-2050 Real Return	0.99%
Province of British Columbia 2.95% 06-18-2050	0.94%
Canadian Natural Resources Ltd. 3.31% 02-11-2022	0.93%
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	0.91%
Manulife Financial Corp. 3.049% 08-20-2029	0.91%
Muskrat Falls/Labrador Transmissions Assets Funding 3.83% 06-01-2037	0.88%
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	0.88%
Government of Canada 0.75% 10-01-2024	0.86%
Glacier Credit Card Trust 2.28% 06-06-2024	0.86%
Province of Alberta 3.10% 06-01-2050	0.85%
Province of British Columbia 2.75% 06-18-2052	0.85%

*The issuer of this security is a related company to the issuer of the Fund.

Income Fund 2.06MX

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	2,136	1,826	1,910	2,227	3,382	589	515	494	537	808
Individual	1,295,674	1,618,422	1,925,508	2,189,220	2,895,183	23,525	30,662	34,155	37,028	49,544
75/75 guarantee policy	364,964	463,369	552,948	564,036	693,699	4,605	6,097	6,808	6,618	8,231
75/100 guarantee policy	1,678,693	2,121,797	2,301,960	2,460,329	2,999,832	21,036	27,743	28,181	28,720	35,430
100/100 guarantee policy	131,204	142,549	152,876	171,412	197,377	1,633	1,852	1,861	1,991	2,321
PS1 75/75 guarantee policy	222,030	245,355	283,641	288,067	323,014	2,691	3,080	3,309	3,181	3,581
PS1 75/100 guarantee policy	1,079,185	1,592,659	1,280,242	1,344,890	1,659,396	13,007	19,893	14,868	14,791	18,331
PS1 100/100 guarantee policy	44,187	59,547	63,516	59,579	46,143	527	737	732	651	507
PS2 75/75 guarantee policy	134,078	124,613	208,488	186,017	252,483	1,860	1,765	2,707	2,254	3,028
PS2 75/100 guarantee policy	169,971	197,727	158,226	195,624	402,711	2,358	2,801	2,054	2,370	4,829
PS2 100/100 guarantee policy	—	—	—	—	6,757	—	—	—	—	81
PS 75/75 guarantee policy	9,615	9,270	10,808	1,515	—	105	105	114	15	—
PS 75/100 guarantee policy	30,468	314,256	31,718	11,277	—	332	3,548	333	112	—
PPS 75/75 guarantee policy	15,651	15,830	16,009	—	—	175	182	170	—	—
PPS 75/100 guarantee policy	11,205	71,752	23,120	3,356	—	125	824	246	34	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	275.88	281.86	258.40	241.26	238.88	(5.98)	23.46
Individual	18.16	18.95	17.74	16.91	17.11	(0.79)	1.21
75/75 guarantee policy	12.62	13.16	12.31	11.73	11.86	(0.54)	0.85
75/100 guarantee policy	12.53	13.08	12.24	11.67	11.81	(0.55)	0.84
100/100 guarantee policy	12.45	12.99	12.17	11.61	11.76	(0.54)	0.82
PS1 75/75 guarantee policy	12.12	12.55	11.67	11.04	11.09	(0.43)	0.88
PS1 75/100 guarantee policy	12.05	12.49	11.61	11.00	11.05	(0.44)	0.88
PS1 100/100 guarantee policy	11.93	12.38	11.53	10.93	10.99	(0.45)	0.85
PS2 75/75 guarantee policy	13.87	14.17	12.98	12.12	11.99	(0.30)	1.19
PS2 75/100 guarantee policy	13.87	14.17	12.98	12.12	11.99	(0.30)	1.19
PS2 100/100 guarantee policy	—	—	—	—	11.99	—	—
PS 75/75 guarantee policy	10.90	11.31	10.52	9.97	—	(0.41)	0.79
PS 75/100 guarantee policy	10.88	11.29	10.51	9.97	—	(0.41)	0.78
PPS 75/75 guarantee policy	11.17	11.50	10.63	—	—	(0.33)	0.87
PPS 75/100 guarantee policy	11.14	11.49	10.62	10.00	—	(0.35)	0.87

Income Fund 2.06MX

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Income Fund 2.06MX (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Income Fund 2.06MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Income Fund 2.06MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Income Fund 2.06MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Income Fund 2.06MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income Fund 2.06MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Income Fund 2.06MX

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Income Fund 2.06MX

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Income Fund 2.06MX

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Income Fund 2.06MX

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Income Fund 2.06MX

Notes to the Financial Statements

(in Canadian \$ thousands)

10. COMMITMENTS

The Fund enters into certain agreements that provide borrowers with a short-term loan to meet any immediate obligation until longer term financing can be made. If the borrower chooses not to borrow on this agreement then the Fund is compensated with a commitment fee. The loan arrangement and related fees earned on these agreements were not significant during 2021 or 2020.

Income Fund 2.06MX

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.18	2.17	2.17	2.21	2.27
75/75 guarantee policy	2.12	2.12	2.11	2.15	2.21
75/100 guarantee policy	2.18	2.17	2.17	2.20	2.27
100/100 guarantee policy	2.23	2.23	2.23	2.26	2.33
PS1 75/75 guarantee policy	1.43	1.42	1.43	1.41	1.41
PS1 75/100 guarantee policy	1.50	1.47	1.48	1.47	1.47
PS1 100/100 guarantee policy	1.60	1.59	1.60	1.58	1.58
PS 75/75 guarantee policy	1.56	1.56	1.55	1.53	—
PS 75/100 guarantee policy	1.62	1.59	1.60	1.58	—
PPS 75/75 guarantee policy	0.87	0.86	0.86	—	—
PPS 75/100 guarantee policy	0.93	0.91	0.92	0.90	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	4.58	6.74	0.69	1.55	1.27

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY GROWTH FUND 2.08MX

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Equity Growth Fund 2.08MX (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Equity Growth Fund 2.08MX

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 4	\$ 3
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	34
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	91,787	72,324
Total investments	91,787	72,324
Total assets	\$ 91,791	\$ 72,361
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	63	—
Due to brokers	9	24
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	72	24
Net assets attributable to contractholders	\$ 91,719	\$ 72,337

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 19,008	\$ 8,576
Miscellaneous income (loss)	—	—
Total income	19,008	8,576
Expenses		
Management fees (note 8)	1,849	1,431
Other	216	168
Total expenses	2,065	1,599
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 16,943	\$ 6,977

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 72,337	\$ 62,010
Contractholder deposits	10,770	12,297
Contractholder withdrawals	(8,331)	(8,947)
Increase (decrease) in net assets from operations attributable to contractholders	16,943	6,977
Change in net assets attributable to contractholders	19,382	10,327
Net assets attributable to contractholders - end of year	\$ 91,719	\$ 72,337

Canadian Equity Growth Fund 2.08MX

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 16,943	\$ 6,977
Adjustments		
Realized (gains) losses	(1,503)	(1,083)
Unrealized (gains) losses	(13,195)	(3,730)
Gross proceeds of disposition of investments	71,639	7,445
Gross payments for the purchase of investments	(72,094)	(9,168)
Distribution income of underlying mutual fund	(4,310)	(3,763)
Change in due from/to The Canada Life Assurance Company	97	(23)
Change in due from/to brokers	(15)	80
	<u>(2,438)</u>	<u>(3,265)</u>
Financing Activities		
Contractholder deposits	10,770	12,297
Contractholder withdrawals	(8,331)	(8,947)
	<u>2,439</u>	<u>3,350</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	1	85
Cash, short-term deposits and overdrafts, beginning of year	<u>3</u>	<u>(82)</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ 4</u></u>	<u><u>\$ 3</u></u>

Canadian Equity Growth Fund 2.08MX

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Canadian Focused Growth Fund Series S *	5,624,087	66,491	91,787
Total Investments		66,491	91,787

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	5.10%
Royal Bank of Canada	5.07%
Accenture PLC Class A	4.71%
Premium Brands Holdings Corp.	4.28%
Schneider Electric SA	4.18%
Stryker Corp.	4.13%
Stantec Inc.	3.95%
Keysight Technologies Inc.	3.89%
Dollarama Inc.	3.85%
TMX Group Ltd.	3.80%
BRP Inc.	3.68%
Aon Corp.	3.67%
CAE Inc.	3.61%
CCL Industries Inc. Class B non-voting	3.58%
Danaher Corp.	3.51%
The Toronto-Dominion Bank	3.26%
Equifax Inc.	3.21%
Microsoft Corp.	3.20%
Canadian Pacific Railway Ltd.	3.11%
Alcon Inc. ADR	2.94%
Amphenol Corp. Class A	2.80%
Magna International Inc.	2.39%
Automatic Data Processing Inc.	2.32%
Thermo Fisher Scientific Inc.	2.24%
Intact Financial Corp.	2.21%

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Equity Growth Fund 2.08MX

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	53,230	48,935	45,039	46,319	50,956	29,202	21,400	17,363	14,339	16,766
Individual	641,114	739,929	859,583	985,423	1,164,095	19,795	18,764	19,800	18,779	24,300
75/75 guarantee policy	216,490	211,995	195,555	162,850	154,791	5,316	4,271	3,574	2,460	2,558
75/100 guarantee policy	801,367	767,741	697,975	622,667	601,324	19,420	15,280	12,618	9,313	9,852
100/100 guarantee policy	27,067	34,556	35,258	41,923	46,850	625	659	613	606	744
PS1 75/75 guarantee policy	108,131	90,112	71,458	87,972	50,184	2,654	1,806	1,293	1,309	813
PS1 75/100 guarantee policy	525,580	446,454	332,186	304,763	195,660	12,626	8,778	5,910	4,469	3,131
PS1 100/100 guarantee policy	17,326	8,983	10,745	4,271	4,271	403	172	187	61	67
PS2 75/75 guarantee policy	9,177	9,974	5,025	3,905	4,261	285	247	110	68	79
PS2 75/100 guarantee policy	33,227	27,535	12,559	18,045	19,770	1,033	682	274	316	368
PS 75/75 guarantee policy	5,196	3,115	2,530	—	—	78	38	28	—	—
PS 75/100 guarantee policy	3,359	8,610	11,844	12,689	—	50	104	129	113	—
PPS 75/75 guarantee policy	1,251	7,638	7,679	7,558	—	19	94	84	68	—
PPS 75/100 guarantee policy	14,098	3,455	2,484	2,503	—	213	42	27	22	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	548.60	437.31	385.52	309.56	329.04	111.29	51.79
Individual	30.88	25.36	23.03	19.06	20.87	5.52	2.33
75/75 guarantee policy	24.56	20.15	18.28	15.11	16.53	4.41	1.87
75/100 guarantee policy	24.23	19.90	18.08	14.96	16.38	4.33	1.82
100/100 guarantee policy	23.12	19.06	17.39	14.44	15.89	4.06	1.67
PS1 75/75 guarantee policy	24.55	20.05	18.10	14.88	16.21	4.50	1.95
PS1 75/100 guarantee policy	24.02	19.66	17.79	14.67	16.00	4.36	1.87
PS1 100/100 guarantee policy	23.26	19.10	17.34	14.34	15.70	4.16	1.76
PS2 75/75 guarantee policy	31.09	24.77	21.82	17.51	18.60	6.32	2.95
PS2 75/100 guarantee policy	31.10	24.77	21.82	17.51	18.60	6.33	2.95
PS 75/75 guarantee policy	14.96	12.14	10.89	—	—	2.82	1.25
PS 75/100 guarantee policy	14.90	12.10	10.87	8.89	—	2.80	1.23
PPS 75/75 guarantee policy	15.21	12.28	10.97	8.92	—	2.93	1.31
PPS 75/100 guarantee policy	15.09	12.21	10.93	8.91	—	2.88	1.28

Canadian Equity Growth Fund 2.08MX

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Equity Growth Fund 2.08MX (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Equity Growth Fund 2.08MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Growth Fund 2.08MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Growth Fund 2.08MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Canadian Equity Growth Fund 2.08MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Canadian Equity Growth Fund 2.08MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Growth Fund 2.08MX

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Canadian Equity Growth Fund 2.08MX

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Equity Growth Fund 2.08MX

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Equity Growth Fund 2.08MX

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Canadian Equity Growth Fund 2.08MX

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.06	3.07	3.06	3.07	3.06
75/75 guarantee policy	2.95	2.95	2.95	2.96	2.94
75/100 guarantee policy	3.06	3.06	3.06	3.07	3.06
100/100 guarantee policy	3.48	3.48	3.47	3.49	3.47
PS1 75/75 guarantee policy	2.49	2.46	2.46	2.46	2.45
PS1 75/100 guarantee policy	2.71	2.68	2.68	2.69	2.68
PS1 100/100 guarantee policy	3.04	3.03	3.01	3.03	3.00
PS 75/75 guarantee policy	1.82	1.83	1.82	—	—
PS 75/100 guarantee policy	1.95	1.95	1.94	1.93	—
PPS 75/75 guarantee policy	1.39	1.34	1.34	1.34	—
PPS 75/100 guarantee policy	1.58	1.56	1.56	1.56	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.49	2.49	2.49	2.49	2.48
PS1 75/100 guarantee policy	2.71	2.71	2.71	2.72	2.71
PS1 100/100 guarantee policy	3.04	3.06	3.04	3.06	3.03
PPS 75/75 guarantee policy	1.39	1.37	1.37	1.37	—
PPS 75/100 guarantee policy	1.58	1.59	1.59	1.59	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	86.25	11.92	6.43	103.43	4.38

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

DIVIDEND FUND 2.09MX

December 31, 2021

Independent Auditor's Report

To the Contractholders of Dividend Fund 2.09MX (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Dividend Fund 2.09MX

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	12
Due from brokers	162	202
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	299,594	295,457
Total investments	299,594	295,457
Total assets	\$ 299,756	\$ 295,671
Liabilities		
Overdrafts	\$ 190	\$ 353
Due to The Canada Life Assurance Company (note 8)	437	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	627	353
Net assets attributable to contractholders	\$ 299,129	\$ 295,318

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 78,218	\$ (9,386)
Miscellaneous income (loss)	—	—
Total income	78,218	(9,386)
Expenses		
Management fees (note 8)	6,919	6,499
Other	825	773
Total expenses	7,744	7,272
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 70,474	\$ (16,658)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 295,318	\$ 353,028
Contractholder deposits	11,676	10,741
Contractholder withdrawals	(78,339)	(51,793)
Increase (decrease) in net assets from operations attributable to contractholders	70,474	(16,658)
Change in net assets attributable to contractholders	3,811	(57,710)
Net assets attributable to contractholders - end of year	\$ 299,129	\$ 295,318

Dividend Fund 2.09MX

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 70,474	\$ (16,658)
Adjustments		
Realized (gains) losses	(24,739)	(11,147)
Unrealized (gains) losses	(21,503)	30,870
Gross proceeds of disposition of investments	307,228	51,915
Gross payments for the purchase of investments	(233,147)	(3,610)
Distribution income of underlying mutual fund	(31,976)	(10,337)
Change in due from/to The Canada Life Assurance Company	449	(82)
Change in due from/to brokers	40	(175)
	<u>66,826</u>	<u>40,776</u>
Financing Activities		
Contractholder deposits	11,676	10,741
Contractholder withdrawals	(78,339)	(51,793)
	<u>(66,663)</u>	<u>(41,052)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	163	(276)
Cash, short-term deposits and overdrafts, beginning of year	(353)	(77)
Cash, short-term deposits and overdrafts, end of year	\$ (190)	\$ (353)

Dividend Fund 2.09MX

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Canadian Dividend Fund Series S *	10,367,020	204,732	299,594
Total Investments		204,732	299,594

Top 25 Holdings

Security Description	% of Total
Royal Bank of Canada	7.40%
The Toronto-Dominion Bank	5.62%
The Bank of Nova Scotia	4.74%
Sun Life Financial Inc.	3.86%
TC Energy Corp.	3.34%
TELUS Corp.	3.10%
Manulife Financial Corp.	3.06%
Intact Financial Corp.	2.85%
Canadian Pacific Railway Ltd.	2.65%
Suncor Energy Inc.	2.63%
Enbridge Inc.	2.36%
Bank of Montreal	2.36%
Nutrien Ltd.	2.09%
Rogers Communications Inc. Class B non-voting	2.04%
Canadian National Railway Co.	1.79%
Brookfield Asset Management Inc.	1.79%
Restaurant Brands International Inc.	1.69%
Fortis Inc.	1.59%
Open Text Corp.	1.51%
Power Corp. of Canada sub. voting *	1.43%
Emera Inc.	1.34%
Cogeco Communications Inc. sub. voting	1.26%
Alimentation Couche-Tard Inc.	1.16%
Pembina Pipeline Corp.	1.07%
Canadian Natural Resources Ltd.	1.03%

*The issuer of this security is a related company to the issuer of the Fund.

Dividend Fund 2.09MX

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	35,755	98,865	102,691	106,777	111,843	22,823	49,169	51,995	44,285	49,624
Individual	2,227,907	2,619,468	3,143,143	3,727,707	4,428,980	87,191	82,210	103,371	103,358	135,240
75/75 guarantee policy	1,125,726	1,210,268	1,277,016	1,285,294	1,268,621	24,630	21,199	23,400	19,823	21,511
75/100 guarantee policy	3,977,831	4,546,731	5,388,285	5,613,626	5,561,210	85,222	78,117	97,010	85,207	92,961
100/100 guarantee policy	111,676	123,946	160,249	193,274	195,303	2,291	2,047	2,783	2,841	3,173
PS1 75/75 guarantee policy	550,539	550,192	596,835	574,092	517,852	11,916	9,496	10,729	8,649	8,540
PS1 75/100 guarantee policy	2,535,911	2,570,344	2,960,856	2,880,298	2,764,941	53,715	43,510	52,322	42,750	45,024
PS1 100/100 guarantee policy	75,741	76,081	84,734	81,936	82,653	1,553	1,251	1,460	1,189	1,321
PS2 75/75 guarantee policy	80,561	92,244	119,932	225,752	207,076	2,186	1,949	2,579	3,973	3,896
PS2 75/100 guarantee policy	243,599	276,770	301,627	339,662	266,000	6,611	5,849	6,485	5,978	5,005
PS2 100/100 guarantee policy	1,278	2,758	5,760	6,632	954	35	58	124	117	18
PS 75/75 guarantee policy	19,778	7,208	9,408	3,966	—	265	77	103	36	—
PS 75/100 guarantee policy	12,966	12,414	15,415	3,983	—	173	131	169	36	—
PPS 75/75 guarantee policy	5,509	4,010	14,979	—	—	75	43	166	—	—
PPS 75/100 guarantee policy	32,820	19,877	30,153	11,875	—	443	212	332	109	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	638.31	497.34	506.33	414.75	443.70	140.97	(8.99)
Individual	39.14	31.38	32.89	27.73	30.54	7.76	(1.51)
75/75 guarantee policy	21.88	17.52	18.32	15.42	16.96	4.36	(0.80)
75/100 guarantee policy	21.42	17.18	18.00	15.18	16.72	4.24	(0.82)
100/100 guarantee policy	20.52	16.51	17.37	14.70	16.25	4.01	(0.86)
PS1 75/75 guarantee policy	21.64	17.26	17.98	15.07	16.49	4.38	(0.72)
PS1 75/100 guarantee policy	21.18	16.93	17.67	14.84	16.28	4.25	(0.74)
PS1 100/100 guarantee policy	20.51	16.45	17.23	14.52	15.98	4.06	(0.78)
PS2 75/75 guarantee policy	27.14	21.13	21.50	17.60	18.82	6.01	(0.37)
PS2 75/100 guarantee policy	27.14	21.13	21.50	17.60	18.82	6.01	(0.37)
PS2 100/100 guarantee policy	27.14	21.13	21.50	17.60	18.81	6.01	(0.37)
PS 75/75 guarantee policy	13.41	10.61	10.98	9.14	—	2.80	(0.37)
PS 75/100 guarantee policy	13.33	10.57	10.95	9.13	—	2.76	(0.38)
PPS 75/75 guarantee policy	13.61	10.73	11.05	—	—	2.88	(0.32)
PPS 75/100 guarantee policy	13.50	10.67	11.01	9.15	—	2.83	(0.34)

Dividend Fund 2.09MX

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Dividend Fund 2.09MX (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Dividend Fund 2.09MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Dividend Fund 2.09MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Dividend Fund 2.09MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Dividend Fund 2.09MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Dividend Fund 2.09MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Dividend Fund 2.09MX

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Dividend Fund 2.09MX

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Dividend Fund 2.09MX

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Dividend Fund 2.09MX

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Dividend Fund 2.09MX

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.96	2.96	2.95	2.97	2.96
75/75 guarantee policy	2.79	2.79	2.78	2.79	2.78
75/100 guarantee policy	2.96	2.96	2.95	2.96	2.95
100/100 guarantee policy	3.32	3.33	3.32	3.34	3.32
PS1 75/75 guarantee policy	2.38	2.36	2.35	2.36	2.35
PS1 75/100 guarantee policy	2.61	2.58	2.58	2.58	2.57
PS1 100/100 guarantee policy	2.94	2.92	2.91	2.92	2.90
PS 75/75 guarantee policy	1.66	1.67	1.66	1.66	—
PS 75/100 guarantee policy	1.83	1.84	1.83	1.83	—
PPS 75/75 guarantee policy	1.26	1.24	1.22	—	—
PPS 75/100 guarantee policy	1.48	1.46	1.45	1.45	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.38	2.39	2.38	2.39	2.38
PS1 75/100 guarantee policy	2.61	2.61	2.61	2.61	2.60
PS1 100/100 guarantee policy	2.94	2.95	2.94	2.95	2.93
PPS 75/75 guarantee policy	1.26	1.27	1.25	—	—
PPS 75/100 guarantee policy	1.48	1.49	1.48	1.48	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	74.24	1.22	1.08	1.96	4.98

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

AMERICAN EQUITY FUND 2.10J

December 31, 2021

Independent Auditor's Report

To the Contractholders of American Equity Fund 2.10J (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

American Equity Fund 2.10J

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ 199
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	224	—
Due from brokers	27	207
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	353,772	314,627
Total investments	353,772	314,627
Total assets	\$ 354,023	\$ 315,033
Liabilities		
Overdrafts	\$ 171	\$ —
Due to The Canada Life Assurance Company (note 8)	—	100
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	171	100
Net assets attributable to contractholders	\$ 353,852	\$ 314,933

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 60,739	\$ 80,865
Miscellaneous income (loss)	—	—
Total income	60,739	80,865
Expenses		
Management fees (note 8)	7,557	6,097
Other	866	696
Total expenses	8,423	6,793
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 52,316	\$ 74,072

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 314,933	\$ 223,679
Contractholder deposits	28,955	48,109
Contractholder withdrawals	(42,352)	(30,927)
Increase (decrease) in net assets from operations attributable to contractholders	52,316	74,072
Change in net assets attributable to contractholders	38,919	91,254
Net assets attributable to contractholders - end of year	\$ 353,852	\$ 314,933

American Equity Fund 2.10J

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 52,316	\$ 74,072
Adjustments		
Realized (gains) losses	(22,816)	(15,872)
Unrealized (gains) losses	(31,434)	(64,993)
Gross proceeds of disposition of investments	181,672	29,911
Gross payments for the purchase of investments	(160,078)	(40,265)
Distribution income of underlying mutual fund	(6,489)	—
Change in due from/to The Canada Life Assurance Company	(324)	239
Change in due from/to brokers	180	(159)
	<u>13,027</u>	<u>(17,067)</u>
Financing Activities		
Contractholder deposits	28,955	48,109
Contractholder withdrawals	(42,352)	(30,927)
	<u>(13,397)</u>	<u>17,182</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(370)	115
Cash, short-term deposits and overdrafts, beginning of year	199	84
Cash, short-term deposits and overdrafts, end of year	\$ (171)	\$ 199

American Equity Fund 2.10J

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life US All Cap Growth Fund Series S *	5,284,524	145,506	353,772
Total Investments		145,506	353,772

Top 25 Holdings

Security Description	% of Total
Microsoft Corp.	9.78%
Apple Inc.	8.19%
Amazon.com Inc.	6.95%
Alphabet Inc. Class C	3.96%
NVIDIA Corp.	3.51%
Tesla Inc.	3.24%
Meta Platforms Inc.	2.62%
Accenture PLC Class A	2.19%
MasterCard Inc. Class A	2.13%
Intuit Inc.	1.92%
Cash and short-term deposits	1.85%
Adobe Inc.	1.84%
Cadence Design Systems Inc.	1.82%
Visa Inc. Class A	1.66%
PayPal Holdings Inc.	1.61%
HCA Healthcare Inc.	1.59%
Nike Inc. Class B	1.56%
Johnson Controls International PLC	1.53%
The TJX Companies Inc.	1.52%
Union Pacific Corp.	1.50%
UnitedHealth Group Inc.	1.47%
Zoetis Inc.	1.45%
Uber Technologies Inc.	1.41%
Marvell Technology Inc.	1.41%
Palo Alto Networks Inc.	1.34%

*The issuer of this security is a related company to the issuer of the Fund.

American Equity Fund 2.10J

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	266,436	263,376	229,390	172,554	144,885	87,380	72,038	45,989	26,265	19,698
Individual	1,120,223	1,306,163	1,476,685	1,770,202	1,939,783	49,156	49,304	42,140	39,561	39,949
75/75 guarantee policy	355,197	383,563	407,412	385,869	304,656	21,905	20,314	16,285	12,059	8,759
75/100 guarantee policy	1,441,643	1,604,943	1,556,873	1,436,974	1,057,794	87,175	83,485	61,225	44,255	30,020
100/100 guarantee policy	75,647	87,859	97,183	84,912	74,472	4,417	4,426	3,711	2,546	2,064
PS1 75/75 guarantee policy	284,234	253,652	235,289	192,649	152,989	15,804	12,050	8,391	5,342	3,881
PS1 75/100 guarantee policy	1,295,795	1,261,323	1,007,253	888,606	785,521	70,145	58,501	35,164	24,189	19,618
PS1 100/100 guarantee policy	66,977	58,833	39,969	45,580	24,716	3,473	2,625	1,348	1,204	602
PS2 75/75 guarantee policy	57,777	61,150	59,651	60,949	52,769	4,070	3,591	2,565	1,988	1,537
PS2 75/100 guarantee policy	117,001	109,655	134,024	87,270	48,173	8,242	6,437	5,763	2,847	1,403
PS2 100/100 guarantee policy	403	3,946	2	1,612	985	28	232	—	53	29
PS 75/75 guarantee policy	42,184	46,444	38,659	9,365	—	805	753	468	88	—
PS 75/100 guarantee policy	39,248	32,427	27,327	9,066	—	745	523	330	85	—
PPS 75/75 guarantee policy	7,163	20,503	6,338	—	—	139	337	77	—	—
PPS 75/100 guarantee policy	19,113	19,457	18,379	11,125	—	368	317	223	104	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	327.96	273.52	200.48	152.21	135.96	54.44	73.04
Individual	43.88	37.75	28.54	22.35	20.59	6.13	9.21
75/75 guarantee policy	61.67	52.96	39.97	31.25	28.75	8.71	12.99
75/100 guarantee policy	60.47	52.02	39.33	30.80	28.38	8.45	12.69
100/100 guarantee policy	58.39	50.37	38.19	29.99	27.71	8.02	12.18
PS1 75/75 guarantee policy	55.60	47.51	35.66	27.73	25.37	8.09	11.85
PS1 75/100 guarantee policy	54.13	46.38	34.91	27.22	24.97	7.75	11.47
PS1 100/100 guarantee policy	51.85	44.62	33.74	26.42	24.35	7.23	10.88
PS2 75/75 guarantee policy	70.45	58.71	43.00	32.63	29.12	11.74	15.71
PS2 75/100 guarantee policy	70.44	58.71	43.00	32.62	29.12	11.73	15.71
PS2 100/100 guarantee policy	70.47	58.73	43.02	32.62	29.12	11.74	15.71
PS 75/75 guarantee policy	19.08	16.20	12.09	9.35	—	2.88	4.11
PS 75/100 guarantee policy	18.97	16.14	12.06	9.34	—	2.83	4.08
PPS 75/75 guarantee policy	19.44	16.42	12.19	—	—	3.02	4.23
PPS 75/100 guarantee policy	19.25	16.31	12.14	9.36	—	2.94	4.17

American Equity Fund 2.10J

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The American Equity Fund 2.10J (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

American Equity Fund 2.10J

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

American Equity Fund 2.10J

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

American Equity Fund 2.10J

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

American Equity Fund 2.10J

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

American Equity Fund 2.10J

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

American Equity Fund 2.10J

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

American Equity Fund 2.10J

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

American Equity Fund 2.10J

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

American Equity Fund 2.10J

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

American Equity Fund 2.10J

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.18	3.17	3.18	3.19	3.21
75/75 guarantee policy	3.01	3.00	3.01	3.02	3.01
75/100 guarantee policy	3.18	3.17	3.18	3.18	3.17
100/100 guarantee policy	3.46	3.45	3.46	3.47	3.45
PS1 75/75 guarantee policy	2.49	2.46	2.46	2.46	2.46
PS1 75/100 guarantee policy	2.77	2.73	2.74	2.75	2.74
PS1 100/100 guarantee policy	3.22	3.18	3.19	3.19	3.18
PS 75/75 guarantee policy	1.89	1.89	1.89	1.89	—
PS 75/100 guarantee policy	2.06	2.05	2.05	2.05	—
PPS 75/75 guarantee policy	1.39	1.33	1.32	—	—
PPS 75/100 guarantee policy	1.66	1.62	1.62	1.62	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.49	2.50	2.49	2.49	2.49
PS1 75/100 guarantee policy	2.77	2.77	2.77	2.78	2.77
PS1 100/100 guarantee policy	3.22	3.22	3.22	3.22	3.21
PPS 75/75 guarantee policy	1.39	1.37	1.35	—	—
PPS 75/100 guarantee policy	1.66	1.66	1.65	1.65	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	48.56	11.23	6.64	6.30	10.03

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

GLOBAL OPPORTUNITY FUND 2.11J

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Opportunity Fund 2.11J (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Opportunity Fund 2.11J

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ 187
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	50
Due from brokers	238	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	198,443	145,733
Total investments	198,443	145,733
Total assets	\$ 198,681	\$ 145,970
Liabilities		
Overdrafts	\$ 655	\$ —
Due to The Canada Life Assurance Company (note 8)	222	—
Due to brokers	—	201
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	877	201
Net assets attributable to contractholders	\$ 197,804	\$ 145,769

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 41,743	\$ 24,844
Miscellaneous income (loss)	—	—
Total income	41,743	24,844
Expenses		
Management fees (note 8)	4,283	3,007
Other	500	352
Total expenses	4,783	3,359
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 36,960	\$ 21,485

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 145,769	\$ 115,321
Contractholder deposits	38,707	22,658
Contractholder withdrawals	(23,632)	(13,695)
Increase (decrease) in net assets from operations attributable to contractholders	36,960	21,485
Change in net assets attributable to contractholders	52,035	30,448
Net assets attributable to contractholders - end of year	\$ 197,804	\$ 145,769

Global Opportunity Fund 2.11J

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 36,960	\$ 21,485
Adjustments		
Realized (gains) losses	(3,714)	(2,420)
Unrealized (gains) losses	(27,921)	(15,725)
Gross proceeds of disposition of investments	132,256	9,763
Gross payments for the purchase of investments	(143,223)	(15,339)
Distribution income of underlying mutual fund	(10,108)	(6,699)
Change in due from/to The Canada Life Assurance Company	272	(29)
Change in due from/to brokers	(439)	306
	(15,917)	(8,658)
Financing Activities		
Contractholder deposits	38,707	22,658
Contractholder withdrawals	(23,632)	(13,695)
	15,075	8,963
Net increase (decrease) in cash, short-term deposits and overdrafts	(842)	305
Cash, short-term deposits and overdrafts, beginning of year	187	(118)
Cash, short-term deposits and overdrafts, end of year	\$ (655)	\$ 187

Global Opportunity Fund 2.11J

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Global Growth Fund *	7,832,152	123,474	198,443
Total Investments		123,474	198,443

Top 25 Holdings

Security Description	% of Total
Schneider Electric SA	4.40%
Microsoft Corp.	3.64%
Diageo PLC	3.55%
Alcon Inc. ADR	3.46%
Accenture PLC Class A	3.40%
Rentokil Initial PLC	3.19%
SGS SA	3.16%
Wolters Kluwer NV	3.03%
Siemens Healthineers AG	3.03%
Keysight Technologies Inc.	2.95%
Danaher Corp.	2.89%
Techtronic Industries Co. Ltd.	2.75%
Aon Corp.	2.74%
Alphabet Inc. Class A	2.67%
Equifax Inc.	2.64%
Stryker Corp.	2.62%
Synopsys Inc.	2.62%
Amphenol Corp. Class A	2.57%
Infineon Technologies AG	2.47%
Cash and short-term deposits	2.44%
Trane Technologies PLC	2.29%
Temenos AG	2.18%
Symrise AG	2.16%
Nasdaq Inc.	2.04%
Thermo Fisher Scientific Inc.	2.03%

*The issuer of this security is a related company to the issuer of the Fund.

Global Opportunity Fund 2.11J

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	89,519	79,224	77,306	67,299	65,079	26,416	18,532	14,848	10,249	9,755
Individual	727,056	810,928	835,526	993,783	1,080,090	20,545	18,757	16,386	15,958	17,632
75/75 guarantee policy	357,566	341,519	305,907	305,882	223,354	13,497	10,530	7,980	6,520	4,829
75/100 guarantee policy	1,608,248	1,490,654	1,463,693	1,382,127	1,036,390	59,187	44,905	37,385	28,905	22,034
100/100 guarantee policy	52,180	54,922	49,599	47,026	39,861	1,831	1,584	1,218	950	822
PS1 75/75 guarantee policy	296,899	248,531	186,617	175,703	132,757	10,839	7,376	4,663	3,569	2,722
PS1 75/100 guarantee policy	1,464,909	1,173,721	1,014,330	976,487	723,677	51,783	33,844	24,704	19,399	14,559
PS1 100/100 guarantee policy	49,403	32,807	28,276	34,601	11,476	1,673	910	665	667	225
PS2 75/75 guarantee policy	58,167	40,099	33,955	46,626	22,834	2,719	1,485	1,032	1,123	541
PS2 75/100 guarantee policy	149,797	172,424	169,791	93,976	94,029	7,003	6,385	5,159	2,262	2,226
PS2 100/100 guarantee policy	6,907	7,098	7,682	7,895	7,709	323	263	233	190	183
PS 75/75 guarantee policy	14,553	8,944	11,334	2,995	—	241	120	127	27	—
PS 75/100 guarantee policy	18,608	10,078	6,604	1,913	—	306	134	74	17	—
PS 100/100 guarantee policy	2,471	1,702	1,712	1,541	—	40	22	19	14	—
PPS 75/75 guarantee policy	62,977	55,417	58,974	40,225	—	1,060	750	665	364	—
PPS 75/100 guarantee policy	20,498	12,823	14,526	4,224	—	341	172	163	38	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	295.10	233.92	192.07	152.29	149.89	61.18	41.85
Individual	28.26	23.13	19.61	16.06	16.32	5.13	3.52
75/75 guarantee policy	37.75	30.83	26.09	21.31	21.62	6.92	4.74
75/100 guarantee policy	36.80	30.12	25.54	20.91	21.26	6.68	4.58
100/100 guarantee policy	35.09	28.85	24.56	20.20	20.62	6.24	4.29
PS1 75/75 guarantee policy	36.51	29.68	24.99	20.31	20.50	6.83	4.69
PS1 75/100 guarantee policy	35.35	28.83	24.36	19.87	20.12	6.52	4.47
PS1 100/100 guarantee policy	33.86	27.74	23.54	19.29	19.62	6.12	4.20
PS2 75/75 guarantee policy	46.75	37.03	30.38	24.07	23.68	9.72	6.65
PS2 75/100 guarantee policy	46.75	37.03	30.38	24.07	23.68	9.72	6.65
PS2 100/100 guarantee policy	46.75	37.03	30.38	24.07	23.68	9.72	6.65
PS 75/75 guarantee policy	16.55	13.37	11.19	9.04	—	3.18	2.18
PS 75/100 guarantee policy	16.43	13.30	11.15	9.03	—	3.13	2.15
PS 100/100 guarantee policy	16.19	13.16	11.08	9.01	—	3.03	2.08
PPS 75/75 guarantee policy	16.84	13.54	11.27	9.06	—	3.30	2.27
PPS 75/100 guarantee policy	16.64	13.42	11.21	9.04	—	3.22	2.21

Global Opportunity Fund 2.11J

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Opportunity Fund 2.11J (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Global Opportunity Fund 2.11J

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Opportunity Fund 2.11J

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Opportunity Fund 2.11J

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Global Opportunity Fund 2.11J

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Global Opportunity Fund 2.11J

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Opportunity Fund 2.11J

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Global Opportunity Fund 2.11J

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Opportunity Fund 2.11J

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Opportunity Fund 2.11J

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Opportunity Fund 2.11J

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.29	3.29	3.29	3.30	3.30
75/75 guarantee policy	3.07	3.08	3.08	3.08	3.08
75/100 guarantee policy	3.28	3.29	3.29	3.30	3.29
100/100 guarantee policy	3.71	3.71	3.72	3.72	3.72
PS1 75/75 guarantee policy	2.60	2.57	2.57	2.58	2.57
PS1 75/100 guarantee policy	2.94	2.91	2.91	2.91	2.91
PS1 100/100 guarantee policy	3.38	3.36	3.36	3.36	3.35
PS 75/75 guarantee policy	1.95	1.96	1.96	1.95	—
PS 75/100 guarantee policy	2.16	2.17	2.17	2.16	—
PS 100/100 guarantee policy	2.59	2.60	2.60	2.59	—
PPS 75/75 guarantee policy	1.49	1.46	1.45	1.45	—
PPS 75/100 guarantee policy	1.82	1.79	1.79	1.78	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.60	2.61	2.60	2.61	2.60
PS1 75/100 guarantee policy	2.94	2.95	2.94	2.94	2.94
PS1 100/100 guarantee policy	3.38	3.40	3.39	3.39	3.38
PPS 75/75 guarantee policy	1.49	1.50	1.48	1.48	—
PPS 75/100 guarantee policy	1.82	1.83	1.82	1.81	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	75.84	8.04	8.57	6.19	7.42

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

NATURAL RESOURCE FUND 2.12MX

December 31, 2021

Independent Auditor's Report

To the Contractholders of Natural Resource Fund 2.12MX (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Natural Resource Fund 2.12MX

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	175	144
Due from brokers	63	196
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	314,829	252,029
Total investments	314,829	252,029
Total assets	\$ 315,067	\$ 252,369
Liabilities		
Overdrafts	\$ 63	\$ 293
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	63	293
Net assets attributable to contractholders	\$ 315,004	\$ 252,076

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 116,214	\$ 21,984
Miscellaneous income (loss)	—	—
Total income	116,214	21,984
Expenses		
Management fees (note 8)	4,036	3,035
Other	436	328
Total expenses	4,472	3,363
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 111,742	\$ 18,621

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 252,076	\$ 257,324
Contractholder deposits	21,067	30,392
Contractholder withdrawals	(69,881)	(54,261)
Increase (decrease) in net assets from operations attributable to contractholders	111,742	18,621
Change in net assets attributable to contractholders	62,928	(5,248)
Net assets attributable to contractholders - end of year	\$ 315,004	\$ 252,076

Natural Resource Fund 2.12MX

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 111,742	\$ 18,621
Adjustments		
Realized (gains) losses	(12,410)	6,340
Unrealized (gains) losses	(94,419)	(13,091)
Gross proceeds of disposition of investments	292,170	52,732
Gross payments for the purchase of investments	(238,756)	(25,281)
Distribution income of underlying mutual fund	(9,385)	(15,233)
Change in due from/to The Canada Life Assurance Company	(31)	(171)
Change in due from/to brokers	133	(99)
	<u>49,044</u>	<u>23,818</u>
Financing Activities		
Contractholder deposits	21,067	30,392
Contractholder withdrawals	(69,881)	(54,261)
	<u>(48,814)</u>	<u>(23,869)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	230	(51)
Cash, short-term deposits and overdrafts, beginning of year	(293)	(242)
Cash, short-term deposits and overdrafts, end of year	\$ (63)	\$ (293)

Natural Resource Fund 2.12MX

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Global Resources Fund Series S *	12,935,428	221,573	314,829
Total Investments		221,573	314,829

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	5.76%
West Fraser Timber Co. Ltd.	4.83%
Tourmaline Oil Corp.	4.16%
ARC Resources Ltd.	4.13%
Royal Dutch Shell PLC Class A ADR	3.85%
Advantage Energy Ltd.	3.83%
TotalEnergies SE ADR	3.51%
First Quantum Minerals Ltd.	3.06%
Interfor Corp.	2.60%
Cenovus Energy Inc.	2.40%
Gold Fields Ltd. ADR	2.19%
Buried Hill Energy Public Co. Ltd. Private Placement	2.15%
Tronox Holdings PLC	2.14%
Canadian Natural Resources Ltd.	2.00%
SSR Mining Inc.	1.79%
The Williams Companies Inc.	1.79%
Nutrien Ltd.	1.67%
Keyera Corp.	1.65%
AngloGold Ashanti Ltd. ADR	1.57%
Secure Energy Services Inc.	1.52%
Alcoa Corp.	1.50%
MEG Energy Corp.	1.50%
Brazil Potash Corp. Private Placement	1.50%
Labrador Iron Ore Royalty Corp.	1.38%
Stelco Holdings Inc.	1.36%

*The issuer of this security is a related company to the issuer of the Fund.

Natural Resource Fund 2.12MX

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	90,311	87,350	91,484	104,509	112,191	81,643	52,638	52,106	53,544	72,402
Individual	1,187,514	1,423,395	1,624,357	1,982,535	2,587,148	53,313	44,002	49,030	55,607	94,523
75/75 guarantee policy	837,775	957,484	960,838	1,177,016	1,370,002	10,582	8,309	8,123	9,226	13,958
75/100 guarantee policy	2,334,144	2,913,608	3,333,690	3,943,864	4,498,440	28,711	24,678	27,568	30,306	45,028
100/100 guarantee policy	141,940	204,989	223,253	279,011	356,647	1,649	1,646	1,757	2,049	3,427
PS1 75/75 guarantee policy	486,181	518,342	379,860	374,951	392,633	5,771	4,208	2,989	2,723	3,684
PS1 75/100 guarantee policy	1,225,474	1,115,406	1,322,000	1,657,849	1,937,270	14,160	8,839	10,185	11,818	17,895
PS1 100/100 guarantee policy	81,852	77,040	72,757	77,636	99,274	901	585	539	535	891
PS2 75/75 guarantee policy	48,715	89,270	71,291	194,131	195,196	744	908	685	1,676	2,122
PS2 75/100 guarantee policy	64,774	87,561	121,371	145,293	167,558	989	891	1,166	1,255	1,821
PS2 100/100 guarantee policy	5,051	5,183	5,171	5,148	5,296	77	53	50	44	58
PS 75/75 guarantee policy	6,203	4,820	4,981	65	—	74	39	39	—	—
PS 75/100 guarantee policy	24,188	16,971	15,540	6,696	—	286	136	121	48	—
PPS 75/75 guarantee policy	2,833	447	445	—	—	34	4	3	—	—
PPS 75/100 guarantee policy	20,546	16,667	16,920	9,179	—	246	135	132	66	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	904.02	602.61	569.56	512.34	645.34	301.41	33.05
Individual	44.89	30.91	30.18	28.05	36.54	13.98	0.73
75/75 guarantee policy	12.63	8.68	8.45	7.84	10.19	3.95	0.23
75/100 guarantee policy	12.30	8.47	8.27	7.68	10.01	3.83	0.20
100/100 guarantee policy	11.62	8.03	7.87	7.34	9.61	3.59	0.16
PS1 75/75 guarantee policy	11.87	8.12	7.87	7.26	9.38	3.75	0.25
PS1 75/100 guarantee policy	11.55	7.92	7.70	7.13	9.24	3.63	0.22
PS1 100/100 guarantee policy	11.01	7.59	7.41	6.89	8.98	3.42	0.18
PS2 75/75 guarantee policy	15.27	10.17	9.61	8.64	10.87	5.10	0.56
PS2 75/100 guarantee policy	15.27	10.17	9.61	8.64	10.87	5.10	0.56
PS2 100/100 guarantee policy	15.27	10.17	9.61	8.64	10.87	5.10	0.56
PS 75/75 guarantee policy	11.90	8.09	7.79	7.14	—	3.81	0.30
PS 75/100 guarantee policy	11.80	8.04	7.76	7.13	—	3.76	0.28
PPS 75/75 guarantee policy	12.11	8.19	7.85	—	—	3.92	0.34
PPS 75/100 guarantee policy	11.98	8.13	7.81	7.15	—	3.85	0.32

Natural Resource Fund 2.12MX

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Natural Resource Fund 2.12MX (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Natural Resource Fund 2.12MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Natural Resource Fund 2.12MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Natural Resource Fund 2.12MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Natural Resource Fund 2.12MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Natural Resource Fund 2.12MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Natural Resource Fund 2.12MX

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Natural Resource Fund 2.12MX

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Natural Resource Fund 2.12MX

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Natural Resource Fund 2.12MX

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Natural Resource Fund 2.12MX

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.33	3.33	3.33	3.44	3.57
75/75 guarantee policy	3.11	3.11	3.11	3.22	3.36
75/100 guarantee policy	3.33	3.33	3.33	3.44	3.57
100/100 guarantee policy	3.73	3.72	3.72	3.89	4.09
PS1 75/75 guarantee policy	2.66	2.61	2.61	2.63	2.63
PS1 75/100 guarantee policy	2.93	2.89	2.89	2.91	2.91
PS1 100/100 guarantee policy	3.43	3.39	3.39	3.42	3.41
PS 75/75 guarantee policy	2.00	2.00	1.99	1.99	—
PS 75/100 guarantee policy	2.22	2.22	2.21	2.21	—
PPS 75/75 guarantee policy	1.53	1.50	1.50	—	—
PPS 75/100 guarantee policy	1.82	1.78	1.78	1.78	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.66	2.65	2.64	2.66	2.66
PS1 75/100 guarantee policy	2.93	2.93	2.92	2.94	2.94
PS1 100/100 guarantee policy	3.43	3.43	3.42	3.45	3.44
PPS 75/75 guarantee policy	1.53	1.54	1.53	—	—
PPS 75/100 guarantee policy	1.82	1.82	1.81	1.81	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	82.99	11.03	1.85	7.61	4.31

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
PRECIOUS METALS FUND 2.13MX

December 31, 2021

Independent Auditor's Report

To the Contractholders of Precious Metals Fund 2.13MX (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Precious Metals Fund 2.13MX

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ 21
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	134	246
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	143,589	165,587
Total investments	143,589	165,587
Total assets	\$ 143,723	\$ 165,854
Liabilities		
Overdrafts	\$ 80	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	48	207
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	128	207
Net assets attributable to contractholders	\$ 143,595	\$ 165,647

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (5,958)	\$ 54,632
Miscellaneous income (loss)	—	—
Total income	(5,958)	54,632
Expenses		
Management fees (note 8)	3,403	3,640
Other	389	422
Total expenses	3,792	4,062
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (9,750)	\$ 50,570

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 165,647	\$ 130,538
Contractholder deposits	8,609	4,454
Contractholder withdrawals	(20,911)	(19,915)
Increase (decrease) in net assets from operations attributable to contractholders	(9,750)	50,570
Change in net assets attributable to contractholders	(22,052)	35,109
Net assets attributable to contractholders - end of year	\$ 143,595	\$ 165,647

Precious Metals Fund 2.13MX

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (9,750)	\$ 50,570
Adjustments		
Realized (gains) losses	(7,170)	(14,854)
Unrealized (gains) losses	39,317	(23,389)
Gross proceeds of disposition of investments	148,991	42,620
Gross payments for the purchase of investments	(132,951)	(22,894)
Distribution income of underlying mutual fund	(26,189)	(16,389)
Change in due from/to The Canada Life Assurance Company	112	(209)
Change in due from/to brokers	(159)	(535)
	<u>12,201</u>	<u>14,920</u>
Financing Activities		
Contractholder deposits	8,609	4,454
Contractholder withdrawals	(20,911)	(19,915)
	<u>(12,302)</u>	<u>(15,461)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(101)	(541)
Cash, short-term deposits and overdrafts, beginning of year	21	562
Cash, short-term deposits and overdrafts, end of year	\$ (80)	\$ 21

Precious Metals Fund 2.13MX

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Precious Metals Class Series S *	8,367,272	120,426	143,589
Total Investments		120,426	143,589

Top 25 Holdings

Security Description	% of Total
Gold Fields Ltd. ADR	7.23%
Pretium Resources Inc.	5.27%
Barrick Gold Corp.	4.47%
Agnico Eagle Mines Ltd.	4.35%
Newmont Corp.	4.23%
Kirkland Lake Gold Ltd.	3.85%
Great Bear Resources Ltd.	3.35%
Wesdome Gold Mines Ltd.	2.80%
SSR Mining Inc.	2.73%
Gold Road Resources Ltd.	2.65%
Yamana Gold Inc.	2.64%
Karora Resources Inc.	2.35%
First Quantum Minerals Ltd.	2.04%
Cash and short-term deposits	2.03%
AngloGold Ashanti Ltd. ADR	2.00%
OceanaGold Corp.	1.90%
Osisko Gold Royalties Ltd.	1.88%
K92 Mining Inc.	1.74%
iShares S&P/TSX Global Gold Index ETF	1.68%
Aya Gold & Silver Inc.	1.61%
Lundin Gold Inc.	1.52%
Alamos Gold Inc.	1.46%
Skeena Resources Ltd.	1.45%
Northern Star Resources Ltd.	1.41%
Pan American Silver Corp.	1.40%

*The issuer of this security is a related company to the issuer of the Fund.

Precious Metals Fund 2.13MX

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	56,126	58,795	52,949	58,263	58,314	58,007	62,747	38,576	29,041	30,863
Individual	891,538	1,019,400	1,421,344	1,794,566	2,042,148	40,913	50,023	49,291	44,093	55,188
75/75 guarantee policy	504,248	613,174	774,579	963,566	1,006,274	7,707	10,000	8,911	7,837	8,982
75/100 guarantee policy	1,305,800	1,502,102	1,799,665	2,081,565	2,386,413	19,445	23,918	20,256	16,599	20,931
100/100 guarantee policy	96,498	109,046	140,539	181,069	198,934	1,353	1,643	1,505	1,381	1,678
PS1 75/75 guarantee policy	232,702	212,711	169,630	216,561	175,498	3,688	3,573	1,995	1,788	1,578
PS1 75/100 guarantee policy	460,597	487,258	527,071	598,654	778,650	7,068	7,950	6,043	4,833	6,872
PS1 100/100 guarantee policy	23,037	23,516	26,241	29,214	46,003	335	366	288	227	394
PS2 75/75 guarantee policy	96,131	99,311	170,325	73,482	16,174	1,963	2,092	2,448	722	169
PS2 75/100 guarantee policy	30,101	51,428	64,408	125,984	120,538	615	1,083	926	1,238	1,257
PS2 100/100 guarantee policy	988	1,017	955	887	912	20	21	14	9	10
PS 75/75 guarantee policy	12,006	11,847	11,078	—	—	220	229	149	—	—
PS 75/100 guarantee policy	9,245	7,942	7,758	114	—	168	153	104	1	—
PPS 75/100 guarantee policy	395	398	400	—	—	7	8	5	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	1,033.51	1,067.22	728.54	498.44	529.25	(33.71)	338.68
Individual	45.89	49.07	34.68	24.57	27.02	(3.18)	14.39
75/75 guarantee policy	15.28	16.31	11.50	8.13	8.93	(1.03)	4.81
75/100 guarantee policy	14.89	15.92	11.26	7.97	8.77	(1.03)	4.66
100/100 guarantee policy	14.02	15.07	10.71	7.63	8.43	(1.05)	4.36
PS1 75/75 guarantee policy	15.85	16.80	11.76	8.26	8.99	(0.95)	5.04
PS1 75/100 guarantee policy	15.35	16.32	11.46	8.07	8.83	(0.97)	4.86
PS1 100/100 guarantee policy	14.54	15.55	10.99	7.78	8.55	(1.01)	4.56
PS2 75/75 guarantee policy	20.42	21.07	14.37	9.82	10.42	(0.65)	6.70
PS2 75/100 guarantee policy	20.42	21.07	14.37	9.82	10.42	(0.65)	6.70
PS2 100/100 guarantee policy	20.42	21.07	14.37	9.83	10.43	(0.65)	6.70
PS 75/75 guarantee policy	18.31	19.32	13.48	—	—	(1.01)	5.84
PS 75/100 guarantee policy	18.21	19.26	13.46	9.43	—	(1.05)	5.80
PPS 75/100 guarantee policy	18.59	19.55	13.58	—	—	(0.96)	5.97

Precious Metals Fund 2.13MX

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Precious Metals Fund 2.13MX (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Precious Metals Fund 2.13MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Precious Metals Fund 2.13MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Precious Metals Fund 2.13MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Precious Metals Fund 2.13MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Precious Metals Fund 2.13MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Precious Metals Fund 2.13MX

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Precious Metals Fund 2.13MX

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Precious Metals Fund 2.13MX

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Precious Metals Fund 2.13MX

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Precious Metals Fund 2.13MX

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.58	3.58	3.58	3.60	3.57
75/75 guarantee policy	3.37	3.36	3.36	3.38	3.36
75/100 guarantee policy	3.58	3.57	3.58	3.60	3.57
100/100 guarantee policy	4.10	4.10	4.11	4.12	4.10
PS1 75/75 guarantee policy	2.67	2.63	2.63	2.64	2.63
PS1 75/100 guarantee policy	3.00	2.97	2.97	2.99	2.96
PS1 100/100 guarantee policy	3.56	3.53	3.53	3.56	3.52
PS 75/75 guarantee policy	2.24	2.24	2.24	—	—
PS 75/100 guarantee policy	2.45	2.45	2.45	2.45	—
PPS 75/100 guarantee policy	1.88	1.84	1.84	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.67	2.67	2.66	2.67	2.66
PS1 75/100 guarantee policy	3.00	3.01	3.00	3.02	2.99
PS1 100/100 guarantee policy	3.56	3.57	3.56	3.59	3.55
PPS 75/100 guarantee policy	—	1.88	1.87	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	89.92	15.62	7.50	7.20	16.55

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN BALANCED FUND 2.07MX

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Balanced Fund 2.07MX (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Balanced Fund 2.07MX

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 45	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	109
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	101,153	96,552
Total investments	101,153	96,552
Total assets	\$ 101,198	\$ 96,661
Liabilities		
Overdrafts	\$ —	\$ 107
Due to The Canada Life Assurance Company (note 8)	55	—
Due to brokers	42	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	97	107
Net assets attributable to contractholders	\$ 101,101	\$ 96,554

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 11,418	\$ 6,421
Miscellaneous income (loss)	—	—
Total income	11,418	6,421
Expenses		
Management fees (note 8)	2,355	2,323
Other	270	268
Total expenses	2,625	2,591
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 8,793	\$ 3,830

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 96,554	\$ 105,108
Contractholder deposits	7,614	2,798
Contractholder withdrawals	(11,860)	(15,182)
Increase (decrease) in net assets from operations attributable to contractholders	8,793	3,830
Change in net assets attributable to contractholders	4,547	(8,554)
Net assets attributable to contractholders - end of year	\$ 101,101	\$ 96,554

Canadian Balanced Fund 2.07MX

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 8,793	\$ 3,830
Adjustments		
Realized (gains) losses	(1,445)	(846)
Unrealized (gains) losses	(2,662)	(1,618)
Gross proceeds of disposition of investments	100,399	16,110
Gross payments for the purchase of investments	(93,582)	(1,078)
Distribution income of underlying mutual fund	(7,311)	(3,957)
Change in due from/to The Canada Life Assurance Company	55	8
Change in due from/to brokers	151	(125)
	<u>4,398</u>	<u>12,324</u>
Financing Activities		
Contractholder deposits	7,614	2,798
Contractholder withdrawals	(11,860)	(15,182)
	<u>(4,246)</u>	<u>(12,384)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	152	(60)
Cash, short-term deposits and overdrafts, beginning of year	(107)	(47)
Cash, short-term deposits and overdrafts, end of year	\$ 45	\$ (107)

Canadian Balanced Fund 2.07MX

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Strategic Income Fund Series S *	9,161,600	88,635	101,153
Total Investments		88,635	101,153

Top 25 Holdings

Security Description	% of Total
Mackenzie Global High Yield Fixed Income ETF *	5.96%
Cash and short-term deposits	4.67%
Royal Bank of Canada	2.34%
The Toronto-Dominion Bank	1.53%
The Bank of Nova Scotia	1.17%
People's Republic of China 1.99% 04-09-2025	1.14%
Sun Life Financial Inc.	1.11%
Canadian Pacific Railway Ltd.	1.08%
People's Republic of China 3.13% 11-21-2029	1.08%
Microsoft Corp.	1.08%
Manulife Financial Corp.	0.94%
Intact Financial Corp.	0.91%
United States Treasury Inflation Index 0.13% 02-15-2051	0.90%
Open Text Corp.	0.85%
JPMorgan Chase & Co.	0.83%
Suncor Energy Inc.	0.83%
Government of Canada 1.50% 06-01-2031	0.81%
Bank of Montreal	0.79%
TC Energy Corp.	0.79%
Canadian National Railway Co.	0.78%
Alphabet Inc. Class A	0.76%
Brookfield Asset Management Inc.	0.73%
TELUS Corp.	0.71%
Nutrien Ltd.	0.70%
Apple Inc.	0.69%

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Balanced Fund 2.07MX

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	25,664	24,979	29,839	36,843	39,636	9,908	8,591	9,568	10,342	12,007
Individual	1,236,173	1,419,117	1,634,896	1,969,062	2,312,130	32,938	34,662	38,310	41,565	54,207
75/75 guarantee policy	322,585	326,229	352,208	365,968	348,057	5,533	5,118	5,290	4,941	5,211
75/100 guarantee policy	1,965,699	2,066,122	2,340,348	2,583,432	2,631,022	33,308	32,092	34,875	34,679	39,226
100/100 guarantee policy	33,449	52,190	68,538	97,556	100,184	556	797	1,005	1,291	1,476
PS1 75/75 guarantee policy	167,848	126,922	127,403	146,516	128,253	2,795	1,927	1,845	1,900	1,836
PS1 75/100 guarantee policy	811,668	748,797	835,535	773,206	685,742	13,301	11,205	11,944	9,916	9,726
PS1 100/100 guarantee policy	53,734	41,419	46,160	35,783	34,797	862	608	649	452	487
PS2 75/75 guarantee policy	21,014	21,342	22,355	11,996	7,897	438	396	387	182	129
PS2 75/100 guarantee policy	39,647	28,854	45,483	36,336	44,965	827	536	787	550	734
PS 75/75 guarantee policy	255	—	—	26	—	3	—	—	—	—
PS 75/100 guarantee policy	28,035	50,550	35,803	8,268	—	323	528	355	73	—
PPS 75/75 guarantee policy	1,498	1,633	—	—	—	18	17	—	—	—
PPS 75/100 guarantee policy	24,874	7,303	9,316	—	—	291	77	93	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	386.06	343.93	320.65	280.71	302.93	42.13	23.28
Individual	26.65	24.42	23.43	21.11	23.44	2.23	0.99
75/75 guarantee policy	17.15	15.69	15.02	13.50	14.97	1.46	0.67
75/100 guarantee policy	16.94	15.53	14.90	13.42	14.91	1.41	0.63
100/100 guarantee policy	16.63	15.27	14.67	13.24	14.73	1.36	0.60
PS1 75/75 guarantee policy	16.65	15.18	14.48	12.97	14.32	1.47	0.70
PS1 75/100 guarantee policy	16.39	14.96	14.30	12.82	14.18	1.43	0.66
PS1 100/100 guarantee policy	16.04	14.68	14.05	12.63	14.00	1.36	0.63
PS2 75/75 guarantee policy	20.86	18.57	17.30	15.14	16.32	2.29	1.27
PS2 75/100 guarantee policy	20.86	18.57	17.30	15.14	16.32	2.29	1.27
PS 75/75 guarantee policy	11.60	—	—	8.84	—	1.11	—
PS 75/100 guarantee policy	11.52	10.45	9.91	8.83	—	1.07	0.54
PPS 75/75 guarantee policy	11.76	10.60	—	—	—	1.16	0.60
PPS 75/100 guarantee policy	11.69	10.56	9.97	—	—	1.13	0.59

Canadian Balanced Fund 2.07MX

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Balanced Fund 2.07MX (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Balanced Fund 2.07MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Balanced Fund 2.07MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Balanced Fund 2.07MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Canadian Balanced Fund 2.07MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Canadian Balanced Fund 2.07MX

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Balanced Fund 2.07MX

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

Canadian Balanced Fund 2.07MX

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Balanced Fund 2.07MX

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Balanced Fund 2.07MX

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Canadian Balanced Fund 2.07MX

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.93	2.93	2.93	2.94	2.94
75/75 guarantee policy	2.72	2.72	2.72	2.78	2.88
75/100 guarantee policy	2.93	2.93	2.93	2.94	2.94
100/100 guarantee policy	3.10	3.10	3.10	3.11	3.09
PS1 75/75 guarantee policy	2.37	2.34	2.34	2.35	2.33
PS1 75/100 guarantee policy	2.54	2.51	2.51	2.51	2.50
PS1 100/100 guarantee policy	2.76	2.74	2.73	2.74	2.73
PS 75/75 guarantee policy	1.60	—	—	1.59	—
PS 75/100 guarantee policy	1.82	1.82	1.81	1.81	—
PPS 75/75 guarantee policy	1.26	1.22	—	—	—
PPS 75/100 guarantee policy	1.42	1.40	1.39	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.37	2.37	2.37	2.38	2.36
PS1 75/100 guarantee policy	2.54	2.54	2.54	2.54	2.53
PS1 100/100 guarantee policy	2.76	2.77	2.76	2.77	2.76
PPS 75/75 guarantee policy	1.26	1.25	—	—	—
PPS 75/100 guarantee policy	1.42	1.43	1.42	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	95.16	1.13	95.71	3.20	3.27

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

U.S. EQUITY FUND 3.59PHN

December 31, 2021

Independent Auditor's Report

To the Contractholders of U.S. Equity Fund 3.59PHN (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

U.S. Equity Fund 3.59PHN

(in Canadian \$ thousands)

Fund Manager: Beutel, Goodman & Company Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ 748
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	178	614
Due from brokers	61	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	433,401	266,551
Total investments	433,401	266,551
Total assets	\$ 433,640	\$ 267,913
Liabilities		
Overdrafts	\$ 132	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	342
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	132	342
Net assets attributable to contractholders	\$ 433,508	\$ 267,571

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 48,287	\$ 10,689
Miscellaneous income (loss)	—	—
Total income	48,287	10,689
Expenses		
Management fees (note 8)	328	198
Other	36	20
Total expenses	364	218
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 47,923	\$ 10,471

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 267,571	\$ 15,845
Contractholder deposits	160,675	253,800
Contractholder withdrawals	(42,661)	(12,545)
Increase (decrease) in net assets from operations attributable to contractholders	47,923	10,471
Change in net assets attributable to contractholders	165,937	251,726
Net assets attributable to contractholders - end of year	\$ 433,508	\$ 267,571

U.S. Equity Fund 3.59PHN

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 47,923	\$ 10,471
Adjustments		
Realized (gains) losses	(1,756)	746
Unrealized (gains) losses	8,733	15,088
Gross proceeds of disposition of investments	40,657	11,619
Gross payments for the purchase of investments	(159,220)	(251,619)
Distribution income of underlying mutual fund	(55,264)	(26,523)
Change in due from/to The Canada Life Assurance Company	436	(615)
Change in due from/to brokers	(403)	339
	(118,894)	(240,494)
Financing Activities		
Contractholder deposits	160,675	253,800
Contractholder withdrawals	(42,661)	(12,545)
	118,014	241,255
Net increase (decrease) in cash, short-term deposits and overdrafts	(880)	761
Cash, short-term deposits and overdrafts, beginning of year	748	(13)
Cash, short-term deposits and overdrafts, end of year	\$ (132)	\$ 748

U.S. Equity Fund 3.59PHN

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Beutel Goodman American Equity Fund Class I	24,388,238	456,355	433,401
Total Investments		456,355	433,401

Top 25 Holdings

Security Description	% of Total
Omnicom Group Inc.	5.26%
Kimberly-Clark Corp.	5.26%
Wabtec Corp.	5.20%
Amgen Inc.	5.15%
Merck & Co. Inc.	5.14%
Amdocs Ltd.	4.91%
Kellogg Co.	4.78%
Ameriprise Financial Inc.	4.48%
Campbell Soup Co.	4.44%
NortonLifeLock Inc.	4.41%
eBay Inc.	4.40%
Verizon Communications Inc.	4.36%
Harley-Davidson Inc.	4.06%
AmerisourceBergen Corp.	3.65%
Polaris Inc.	3.42%
Biogen Inc.	3.36%
MillerKnoll Inc.	3.15%
Flowserve Corp.	2.94%
American Express Co.	2.71%
SEI Investments Co.	2.70%
Comcast Corp. Class A	2.61%
Gentex Corp.	2.30%
The Interpublic Group of Companies Inc.	2.09%
Cummins Inc.	2.00%
Ingersoll-Rand Inc.	1.90%

U.S. Equity Fund 3.59PHN

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP ⁽¹⁾	658,644	447,326	459,866	397,354	48,401	21,561	12,837	12,085	8,435	1,024
75/75 guarantee policy	83,278	47,849	31,388	10,949	—	1,101	571	352	102	—
75/100 guarantee policy	170,961	150,138	144,146	53,240	—	2,244	1,781	1,614	497	—
100/100 guarantee policy	1,108	941	525	524	—	14	11	6	5	—
PS1 75/75 guarantee policy	68,204	45,975	21,176	4,849	—	916	554	239	45	—
PS1 75/100 guarantee policy	216,137	163,310	92,375	15,387	—	2,877	1,956	1,040	144	—
PS1 100/100 guarantee policy	1,842	1,186	890	988	—	24	14	10	9	—
PS2 75/75 guarantee policy	4,376	4,159	20,733	6,062	—	64	53	242	57	—
PS2 75/100 guarantee policy	16,375	23,439	19,374	647	—	238	299	226	6	—
PS 75/75 guarantee policy	1,344	1,356	1,369	36,479	—	18	17	16	342	—
PS 75/100 guarantee policy	—	1,278	1,289	1,301	—	—	16	15	12	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP ⁽¹⁾	32.74	28.70	26.28	21.23	21.16	4.04	2.42
75/75 guarantee policy	13.22	11.92	11.23	9.33	—	1.30	0.69
75/100 guarantee policy	13.12	11.86	11.20	9.33	—	1.26	0.66
100/100 guarantee policy	12.98	11.77	11.15	9.32	—	1.21	0.62
PS1 75/75 guarantee policy	13.44	12.06	11.30	9.35	—	1.38	0.76
PS1 75/100 guarantee policy	13.31	11.98	11.26	9.34	—	1.33	0.72
PS1 100/100 guarantee policy	13.14	11.87	11.20	9.33	—	1.27	0.67
PS2 75/75 guarantee policy	14.56	12.75	11.67	9.42	—	1.81	1.08
PS2 75/100 guarantee policy	14.56	12.75	11.67	9.42	—	1.81	1.08
PS 75/75 guarantee policy	13.73	12.24	11.40	9.37	—	1.49	0.84
PS 75/100 guarantee policy	—	12.18	11.37	9.36	—	—	0.81

⁽¹⁾ Amounts presented for the comparative year ended December 31, 2017 are unaudited.

U.S. Equity Fund 3.59PHN

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The U.S. Equity Fund 3.59PHN (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

U.S. Equity Fund 3.59PHN

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Equity Fund 3.59PHN

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Equity Fund 3.59PHN

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

U.S. Equity Fund 3.59PHN

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

U.S. Equity Fund 3.59PHN

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Equity Fund 3.59PHN

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

U.S. Equity Fund 3.59PHN

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Profile and Portfolio units are those units owned by the Profile Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

U.S. Equity Fund 3.59PHN

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

U.S. Equity Fund 3.59PHN

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

U.S. Equity Fund 3.59PHN

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Comparative information for the year 2017 is not presented in the tables as the Fund became available to individual insurance contractholders during 2018.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.94	2.92	2.95	2.92	—
75/100 guarantee policy	3.17	3.14	3.18	3.14	—
100/100 guarantee policy	3.51	3.46	3.51	3.48	—
PS1 75/75 guarantee policy	2.45	2.41	2.49	2.46	—
PS1 75/100 guarantee policy	2.73	2.69	2.77	2.74	—
PS1 100/100 guarantee policy	3.12	3.11	3.19	3.13	—
PS 75/75 guarantee policy	1.83	1.81	1.83	1.80	—
PS 75/100 guarantee policy	—	2.03	2.05	2.02	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.48	2.45	2.49	2.46	—
PS1 75/100 guarantee policy	2.76	2.73	2.77	2.74	—
PS1 100/100 guarantee policy	3.15	3.15	3.19	3.13	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	10.62	8.68	20.16	26.10	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

DIVERSIFIED FUND

December 31, 2021

Independent Auditor's Report

To the Contractholders of Diversified Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Diversified Fund

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	950,997	962,194
Total investments	950,997	962,194
Total assets	\$ 950,997	\$ 962,194
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 950,997	\$ 962,194

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 112,992	\$ 73,439
Miscellaneous income (loss)	—	—
Total income	112,992	73,439
Expenses		
Management fees (note 8)	18,386	18,761
Other	2,013	2,060
Total expenses	20,399	20,821
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 92,593	\$ 52,618

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 962,194	\$ 1,004,020
Contractholder deposits	18,925	13,826
Contractholder withdrawals	(122,715)	(108,270)
Increase (decrease) in net assets from operations attributable to contractholders	92,593	52,618
Change in net assets attributable to contractholders	(11,197)	(41,826)
Net assets attributable to contractholders - end of year	\$ 950,997	\$ 962,194

Diversified Fund

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 92,593	\$ 52,618
Adjustments		
Realized (gains) losses	(140,230)	(74,607)
Unrealized (gains) losses	27,238	1,168
Gross proceeds of disposition of investments	427,936	181,415
Gross payments for the purchase of investments	(303,747)	(66,150)
	<u>103,790</u>	<u>94,444</u>
Financing Activities		
Contractholder deposits	18,925	13,826
Contractholder withdrawals	(122,715)	(108,270)
	<u>(103,790)</u>	<u>(94,444)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Diversified Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	Average Cost	Fair Value
Investment Fund Units		
Bond Fund	258,051	388,994
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund	80,514	204,816
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	84,903	101,970
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
International Equity Fund	84,192	127,457
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Nestle SA	3.49%	
ASML Holding NV	2.95%	
Novo Nordisk AS	2.90%	
LVMH Moet Hennessy Louis Vuitton SE	2.73%	
TotalEnergies SE	2.60%	
U.S. Equity Fund	64,133	127,760
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
Total Investments	571,793	950,997

*The issuer of this security is a related company to the issuer of the Fund.

Diversified Fund

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	427,149	470,555	501,784	563,443	621,712	365,078	357,169	352,403	346,907	394,753
Individual	873,461	1,008,314	1,154,595	1,364,221	1,589,750	345,082	363,646	396,028	421,671	520,978
75/75 guarantee policy	1,155,132	1,312,695	1,420,367	1,447,519	1,285,305	20,339	21,052	21,616	19,808	18,617
75/100 guarantee policy	8,019,229	9,142,836	10,313,934	11,144,609	10,839,439	139,438	145,122	155,700	151,608	156,338
100/100 guarantee policy	305,808	359,227	428,721	468,944	511,921	5,217	5,603	6,370	6,289	7,290
PS1 75/75 guarantee policy	489,238	500,784	540,207	419,729	344,898	8,730	8,107	8,266	5,752	4,980
PS1 75/100 guarantee policy	3,327,986	3,335,291	3,567,282	3,444,323	3,071,023	58,442	53,224	53,896	46,681	43,928
PS1 100/100 guarantee policy	139,386	178,539	228,999	277,681	255,788	2,396	2,795	3,401	3,708	3,613
PS2 75/75 guarantee policy	22,491	44,631	48,122	48,976	38,699	494	871	869	775	631
PS2 75/100 guarantee policy	178,858	160,481	210,369	266,315	225,004	3,933	3,133	3,798	4,214	3,670
PS 75/75 guarantee policy	2,058	1,802	1,500	777	—	26	20	16	7	—
PS 75/100 guarantee policy	93,000	113,933	139,730	63,313	—	1,151	1,273	1,469	593	—
PS 100/100 guarantee policy	—	2,288	2,302	2,063	—	—	25	24	19	—
PPS 75/75 guarantee policy	7,804	—	—	—	—	99	—	—	—	—
PPS 75/100 guarantee policy	45,483	13,533	15,496	6,719	—	572	154	164	63	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	854.69	759.04	702.30	615.69	634.95	95.65	56.74
Individual	395.07	360.65	343.00	309.09	327.71	34.42	17.65
75/75 guarantee policy	17.61	16.04	15.22	13.68	14.48	1.57	0.82
75/100 guarantee policy	17.39	15.87	15.10	13.60	14.42	1.52	0.77
100/100 guarantee policy	17.06	15.60	14.86	13.41	14.24	1.46	0.74
PS1 75/75 guarantee policy	17.84	16.19	15.30	13.70	14.44	1.65	0.89
PS1 75/100 guarantee policy	17.56	15.96	15.11	13.55	14.30	1.60	0.85
PS1 100/100 guarantee policy	17.19	15.65	14.85	13.35	14.13	1.54	0.80
PS2 75/75 guarantee policy	21.99	19.52	18.06	15.82	16.31	2.47	1.46
PS2 75/100 guarantee policy	21.99	19.52	18.06	15.82	16.31	2.47	1.46
PS 75/75 guarantee policy	12.47	11.24	10.55	9.38	—	1.23	0.69
PS 75/100 guarantee policy	12.38	11.18	10.51	9.37	—	1.20	0.67
PS 100/100 guarantee policy	—	11.13	10.49	9.36	—	—	0.64
PPS 75/75 guarantee policy	12.65	—	—	—	—	1.30	—
PPS 75/100 guarantee policy	12.58	11.30	10.58	9.39	—	1.28	0.72

Diversified Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Diversified Fund (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Diversified Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Diversified Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Diversified Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Diversified Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Diversified Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Diversified Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Diversified Fund
Notes to the Financial Statements
(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Diversified Fund

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.79	2.79	2.80	2.81	2.80
75/75 guarantee policy	2.57	2.57	2.57	2.64	2.74
75/100 guarantee policy	2.79	2.79	2.80	2.81	2.80
100/100 guarantee policy	2.95	2.95	2.95	2.97	2.96
PS1 75/75 guarantee policy	2.17	2.17	2.17	2.18	2.17
PS1 75/100 guarantee policy	2.33	2.34	2.34	2.35	2.34
PS1 100/100 guarantee policy	2.56	2.56	2.57	2.57	2.56
PS 75/75 guarantee policy	1.45	1.46	1.46	1.46	—
PS 75/100 guarantee policy	1.68	1.68	1.68	1.68	—
PS 100/100 guarantee policy	—	1.83	1.84	1.83	—
PPS 75/75 guarantee policy	1.05	—	—	—	—
PPS 75/100 guarantee policy	1.21	1.22	1.22	1.22	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	32.14	6.95	5.32	19.01	6.10

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
AGGRESSIVE PROFILE FUND 2.46L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Aggressive Profile Fund 2.46L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Aggressive Profile Fund 2.46L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	799,995	739,578
Total investments	799,995	739,578
Total assets	\$ 799,995	\$ 739,578
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 799,995	\$ 739,578

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 141,264	\$ 78,048
Miscellaneous income (loss)	—	—
Total income	141,264	78,048
Expenses		
Management fees (note 8)	17,353	15,794
Other	1,875	1,711
Total expenses	19,228	17,505
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 122,036	\$ 60,543

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 739,578	\$ 745,817
Contractholder deposits	35,057	17,074
Contractholder withdrawals	(96,676)	(83,856)
Increase (decrease) in net assets from operations attributable to contractholders	122,036	60,543
Change in net assets attributable to contractholders	60,417	(6,239)
Net assets attributable to contractholders - end of year	\$ 799,995	\$ 739,578

Aggressive Profile Fund 2.46L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 122,036	\$ 60,543
Adjustments		
Realized (gains) losses	(92,594)	(84,616)
Unrealized (gains) losses	(48,670)	6,568
Gross proceeds of disposition of investments	229,664	209,783
Gross payments for the purchase of investments	(148,817)	(125,496)
	<u>61,619</u>	<u>66,782</u>
Financing Activities		
Contractholder deposits	35,057	17,074
Contractholder withdrawals	(96,676)	(83,856)
	<u>(61,619)</u>	<u>(66,782)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Aggressive Profile Fund 2.46L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	16,596	72,251
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Canadian Equity Fund	13,676	32,490
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	50,399	63,575
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Dividend Fund 2.03L	15,980	20,294
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
EAFE Equity Fund 6.84SAM	28,910	45,294
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	

*The issuer of this security is a related company to the issuer of the Fund.

Aggressive Profile Fund 2.46L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Emerging Markets Fund 3.04MF	32,872	34,578
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	24,615	34,483
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Foreign Equity Fund 3.02MF	10,078	25,791
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Dividend Fund 8.26SAM	18,170	20,323
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Equity Fund 2.05L	8,399	25,225
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.88%	
Amazon.com Inc.	3.86%	
Apple Inc.	3.19%	
NRG Energy Inc.	2.69%	
Adobe Inc.	2.17%	

Aggressive Profile Fund 2.46L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Small Cap Growth Fund 8.98MF	31,368	39,822
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Wabtec Corp.	2.21%	
Motorola Solutions Inc.	2.21%	
Growth Equity Fund 2.04L	50,734	63,772
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
International Opportunity Fund 2.88JPMF	32,379	58,710
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Mid Cap Canada Fund 2.16G	13,220	38,173
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Kinaxis Inc.	5.47%	
Aritzia Inc.	4.53%	
Tecsys Inc.	4.13%	
Hardwoods Distribution Inc.	4.00%	
Boralex Inc. Class A	3.56%	
Natural Resource Fund 2.12MX	19,072	32,808
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.76%	
West Fraser Timber Co. Ltd.	4.83%	
Tourmaline Oil Corp.	4.16%	
ARC Resources Ltd.	4.13%	
Royal Dutch Shell PLC Class A ADR	3.85%	

Aggressive Profile Fund 2.46L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Estate Fund 2.17G	35,062	61,930
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	
Real Estate Fund 5.91G	8,467	10,936
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	
U.S. Equity Fund	48,877	65,157
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Equity Fund (S178) 4.11L	21,946	54,383
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	480,820	799,995

Aggressive Profile Fund 2.46L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	591,441	608,160	658,759	682,391	682,262	299,818	256,915	249,110	220,278	233,441
Individual	5,655,867	6,679,532	7,704,115	9,198,606	10,854,239	177,822	180,578	192,378	202,322	261,162
75/75 guarantee policy	2,694,514	3,108,615	3,376,595	3,658,747	3,475,133	63,308	62,559	62,521	59,440	61,611
75/100 guarantee policy	7,344,893	8,464,074	9,413,230	9,778,756	9,272,651	168,767	167,231	171,786	157,188	163,054
100/100 guarantee policy	220,936	257,144	315,334	366,919	376,029	4,853	4,876	5,543	5,703	6,418
PS1 75/75 guarantee policy	620,775	523,593	551,419	569,070	602,334	14,166	10,205	9,859	8,901	10,235
PS1 75/100 guarantee policy	2,744,063	2,549,673	2,551,631	2,886,326	2,565,531	61,952	49,219	45,237	44,814	43,324
PS1 100/100 guarantee policy	23,279	28,733	41,854	60,524	63,010	506	536	721	916	1,041
PS2 75/75 guarantee policy	46,088	42,320	75,546	71,042	59,675	1,338	1,023	1,634	1,311	1,167
PS2 75/100 guarantee policy	178,210	198,569	237,449	241,902	173,697	5,172	4,800	5,136	4,464	3,396
PS 75/75 guarantee policy	4,258	3,971	33,490	2,709	—	57	45	344	24	—
PS 75/100 guarantee policy	25,407	51,601	63,933	23,686	—	334	577	653	211	—
PPS 75/75 guarantee policy	10,414	—	30,353	28,219	—	140	—	313	252	—
PPS 75/100 guarantee policy	131,375	89,442	56,441	—	—	1,762	1,014	582	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	506.93	422.45	378.15	322.80	342.16	84.48	44.30
Individual	31.44	27.03	24.97	21.99	24.06	4.41	2.06
75/75 guarantee policy	23.50	20.12	18.52	16.25	17.73	3.38	1.60
75/100 guarantee policy	22.98	19.76	18.25	16.07	17.58	3.22	1.51
100/100 guarantee policy	21.97	18.96	17.58	15.54	17.07	3.01	1.38
PS1 75/75 guarantee policy	22.82	19.49	17.88	15.64	16.99	3.33	1.61
PS1 75/100 guarantee policy	22.58	19.30	17.73	15.53	16.89	3.28	1.57
PS1 100/100 guarantee policy	21.75	18.67	17.21	15.13	16.52	3.08	1.46
PS2 75/75 guarantee policy	29.02	24.17	21.63	18.45	19.55	4.85	2.54
PS2 75/100 guarantee policy	29.02	24.17	21.63	18.46	19.55	4.85	2.54
PS 75/75 guarantee policy	13.33	11.29	10.28	8.92	—	2.04	1.01
PS 75/100 guarantee policy	13.15	11.18	10.21	8.90	—	1.97	0.97
PPS 75/75 guarantee policy	13.47	—	10.32	8.93	—	2.10	—
PPS 75/100 guarantee policy	13.41	11.34	10.30	—	—	2.07	1.04

Aggressive Profile Fund 2.46L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Aggressive Profile Fund 2.46L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Aggressive Profile Fund 2.46L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Aggressive Profile Fund 2.46L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Aggressive Profile Fund 2.46L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Aggressive Profile Fund 2.46L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Aggressive Profile Fund 2.46L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Aggressive Profile Fund 2.46L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Aggressive Profile Fund 2.46L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Aggressive Profile Fund 2.46L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Aggressive Profile Fund 2.46L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Aggressive Profile Fund 2.46L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate funds: "Real Estate Fund 2.17G" and "Real Estate Fund 5.91G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 63,607	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	1,611	633
Purchases	—	—
Sales	—	(436)
Settlements	—	—
Transfers into Level 3	—	63,410
Transfers out of Level 3	(65,218)	—
Balance, end of year	\$ —	\$ 63,607
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 633

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate funds with a fair value of \$63,410 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate funds with a fair value of \$65,218 was transferred on April 19, 2021 from Level 3 to Level 2.

Aggressive Profile Fund 2.46L

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.19	3.19	3.19	3.20	3.19
75/75 guarantee policy	2.80	2.80	2.80	2.96	3.08
75/100 guarantee policy	3.19	3.19	3.19	3.20	3.18
100/100 guarantee policy	3.57	3.57	3.57	3.58	3.57
PS1 75/75 guarantee policy	2.51	2.51	2.50	2.51	2.49
PS1 75/100 guarantee policy	2.62	2.62	2.61	2.62	2.60
PS1 100/100 guarantee policy	3.01	3.01	3.00	3.01	2.99
PS 75/75 guarantee policy	1.69	1.69	1.68	1.68	—
PS 75/100 guarantee policy	2.08	2.08	2.07	2.07	—
PPS 75/75 guarantee policy	1.39	—	1.39	1.38	—
PPS 75/100 guarantee policy	1.51	1.50	1.50	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	19.30	18.02	2.25	21.51	18.92

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

ADVANCED PROFILE FUND 2.45L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Advanced Profile Fund 2.45L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Advanced Profile Fund 2.45L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	950,604	882,230
Total investments	950,604	882,230
Total assets	\$ 950,604	\$ 882,230
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 950,604	\$ 882,230

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 135,892	\$ 91,786
Miscellaneous income (loss)	—	—
Total income	135,892	91,786
Expenses		
Management fees (note 8)	19,512	18,075
Other	2,186	2,032
Total expenses	21,698	20,107
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 114,194	\$ 71,679

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 882,230	\$ 896,036
Contractholder deposits	56,338	12,265
Contractholder withdrawals	(102,158)	(97,750)
Increase (decrease) in net assets from operations attributable to contractholders	114,194	71,679
Change in net assets attributable to contractholders	68,374	(13,806)
Net assets attributable to contractholders - end of year	\$ 950,604	\$ 882,230

Advanced Profile Fund 2.45L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 114,194	\$ 71,679
Adjustments		
Realized (gains) losses	(101,795)	(121,024)
Unrealized (gains) losses	(34,097)	29,238
Gross proceeds of disposition of investments	260,174	333,909
Gross payments for the purchase of investments	(192,656)	(228,317)
	<u>45,820</u>	<u>85,485</u>
Financing Activities		
Contractholder deposits	56,338	12,265
Contractholder withdrawals	(102,158)	(97,750)
	<u>(45,820)</u>	<u>(85,485)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Advanced Profile Fund 2.45L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	14,399	64,351
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund	13,506	18,494
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund	17,511	38,619
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	45,547	57,486
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Dividend Fund 2.03L	26,569	33,756
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	

*The issuer of this security is a related company to the issuer of the Fund.

Advanced Profile Fund 2.45L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
EAFE Equity Fund 6.84SAM	24,327	43,168
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 3.04MF	32,399	34,273
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	26,665	34,225
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Foreign Equity Fund 3.02MF	11,686	28,715
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Dividend Fund 8.26SAM	30,094	33,706
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	

*The issuer of this security is a related company to the issuer of the Fund.

Advanced Profile Fund 2.45L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Equity Fund 2.05L	7,696	23,481
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.88%	
Amazon.com Inc.	3.86%	
Apple Inc.	3.19%	
NRG Energy Inc.	2.69%	
Adobe Inc.	2.17%	
Global Small Cap Growth Fund 8.98MF	29,721	37,890
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Wabtec Corp.	2.21%	
Motorola Solutions Inc.	2.21%	
Growth Equity Fund 2.04L	45,777	57,618
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Income Fund 2.06MX	71,814	91,417
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.66%	
Mackenzie Floating Rate Income ETF *	4.99%	
Province of Ontario 2.25% 12-02-2031	4.46%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.08%	
Province of Quebec 3.10% 12-01-2051	1.96%	
International Bond Fund 2.52LM	17,432	22,820
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	

*The issuer of this security is a related company to the issuer of the Fund.

Advanced Profile Fund 2.45L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Opportunity Fund 2.88JPMF	29,471	51,115
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Mid Cap Canada Fund 2.16G	9,983	27,357
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Kinaxis Inc.	5.47%	
Aritzia Inc.	4.53%	
Tecsys Inc.	4.13%	
Hardwoods Distribution Inc.	4.00%	
Boralex Inc. Class A	3.56%	
Mortgage Fund	14,888	15,034
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.49%	
BPP CA Industrial Owner LP (Ontario)	1.91%	
2615985 Ontario Inc.	1.71%	
Government of Canada 2.25% 06-01-2025	1.30%	
Canada Housing Trust No. 1 2.10% 09-15-2029	1.29%	
Natural Resource Fund 2.12MX	12,620	24,375
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.76%	
West Fraser Timber Co. Ltd.	4.83%	
Tourmaline Oil Corp.	4.16%	
ARC Resources Ltd.	4.13%	
Royal Dutch Shell PLC Class A ADR	3.85%	
Real Estate Fund 2.17G	40,727	69,122
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	

Advanced Profile Fund 2.45L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Estate Fund 5.91G	10,028	12,969
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	
Real Return Bond Fund 7.53PIM	7,344	7,624
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	14.56%	
Government of Canada 1.50% 12-01-2044 Real Return	14.11%	
Government of Canada 1.25% 12-01-2047 Real Return	13.11%	
Government of Canada 3.00% 12-01-2036 Real Return	12.95%	
Government of Canada 2.00% 12-01-2041 Real Return	12.80%	
U.S. Equity Fund	47,063	62,744
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Equity Fund (S178) 4.11L	27,109	60,245
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	614,376	950,604

Advanced Profile Fund 2.45L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	797,897	820,409	870,304	892,569	902,788	354,199	314,430	299,466	267,489	280,310
Individual	5,830,216	6,652,521	7,761,819	9,315,083	10,948,393	158,459	160,736	173,374	186,592	234,202
75/75 guarantee policy	3,850,362	3,962,016	4,503,664	4,690,372	4,487,759	81,388	74,244	77,802	72,462	73,897
75/100 guarantee policy	11,618,994	12,603,109	14,025,374	14,970,628	14,253,923	240,865	232,261	238,949	228,727	232,566
100/100 guarantee policy	496,858	606,945	699,690	753,238	814,291	9,856	10,745	11,496	11,142	12,912
PS1 75/75 guarantee policy	1,002,651	984,385	925,655	933,000	811,647	20,375	17,693	15,301	13,759	12,705
PS1 75/100 guarantee policy	3,537,879	3,414,120	3,656,543	3,822,255	3,412,808	71,127	60,776	59,931	55,953	53,088
PS1 100/100 guarantee policy	114,100	43,622	73,763	94,798	58,440	2,233	758	1,183	1,362	895
PS2 75/75 guarantee policy	155,306	156,086	181,074	177,382	153,043	3,995	3,465	3,607	3,076	2,749
PS2 75/100 guarantee policy	153,730	169,699	593,126	1,154,613	665,256	3,955	3,767	11,816	20,025	11,948
PS 75/75 guarantee policy	9,163	10,297	10,887	2,598	—	119	117	113	24	—
PS 75/100 guarantee policy	65,417	62,342	92,493	66,398	—	842	705	956	609	—
PPS 75/75 guarantee policy	204,431	184,003	184,379	63,490	—	2,678	2,108	1,921	584	—
PPS 75/100 guarantee policy	39,344	37,195	11,601	—	—	513	425	121	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	443.92	383.26	344.09	299.68	310.49	60.66	39.17
Individual	27.18	24.16	22.34	20.03	21.39	3.02	1.82
75/75 guarantee policy	21.14	18.74	17.28	15.45	16.47	2.40	1.46
75/100 guarantee policy	20.73	18.43	17.04	15.28	16.32	2.30	1.39
100/100 guarantee policy	19.84	17.70	16.43	14.79	15.86	2.14	1.27
PS1 75/75 guarantee policy	20.32	17.97	16.53	14.75	15.65	2.35	1.44
PS1 75/100 guarantee policy	20.10	17.80	16.39	14.64	15.56	2.30	1.41
PS1 100/100 guarantee policy	19.57	17.38	16.04	14.37	15.31	2.19	1.34
PS2 75/75 guarantee policy	25.72	22.20	19.92	17.34	17.96	3.52	2.28
PS2 75/100 guarantee policy	25.73	22.20	19.92	17.34	17.96	3.53	2.28
PS 75/75 guarantee policy	13.00	11.39	10.39	9.19	—	1.61	1.00
PS 75/100 guarantee policy	12.87	11.31	10.34	9.17	—	1.56	0.97
PPS 75/75 guarantee policy	13.10	11.46	10.42	9.19	—	1.64	1.04
PPS 75/100 guarantee policy	13.05	11.43	10.40	—	—	1.62	1.03

Advanced Profile Fund 2.45L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Advanced Profile Fund 2.45L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Advanced Profile Fund 2.45L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Advanced Profile Fund 2.45L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Advanced Profile Fund 2.45L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Advanced Profile Fund 2.45L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Advanced Profile Fund 2.45L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Advanced Profile Fund 2.45L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Advanced Profile Fund 2.45L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Advanced Profile Fund 2.45L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Advanced Profile Fund 2.45L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Advanced Profile Fund 2.45L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate funds: "Real Estate Fund 2.17G" and "Real Estate Fund 5.91G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 66,653	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	1,688	663
Purchases	—	—
Sales	—	(483)
Settlements	—	—
Transfers into Level 3	—	66,473
Transfers out of Level 3	(68,341)	—
Balance, end of year	\$ —	\$ 66,653
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 666

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate funds with a fair value of \$66,473 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate funds with a fair value of \$68,341 was transferred on April 19, 2021 from Level 3 to Level 2.

Advanced Profile Fund 2.45L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.98	2.98	2.97	3.08	3.14
75/75 guarantee policy	2.70	2.70	2.69	2.87	3.02
75/100 guarantee policy	2.98	2.98	2.97	3.07	3.14
100/100 guarantee policy	3.37	3.37	3.36	3.45	3.51
PS1 75/75 guarantee policy	2.47	2.46	2.45	2.46	2.45
PS1 75/100 guarantee policy	2.58	2.57	2.57	2.57	2.56
PS1 100/100 guarantee policy	2.84	2.86	2.85	2.85	2.84
PS 75/75 guarantee policy	1.59	1.59	1.57	1.57	—
PS 75/100 guarantee policy	1.86	1.87	1.85	1.85	—
PPS 75/75 guarantee policy	1.35	1.35	1.34	1.33	—
PPS 75/100 guarantee policy	1.46	1.45	1.44	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	20.94	26.96	1.67	18.25	13.96

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

BALANCED PROFILE FUND 2.44L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Profile Fund 2.44L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Profile Fund 2.44L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	2,354,617	2,327,224
Total investments	2,354,617	2,327,224
Total assets	\$ 2,354,617	\$ 2,327,224
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 2,354,617	\$ 2,327,224

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 241,936	\$ 183,548
Miscellaneous income (loss)	—	—
Total income	241,936	183,548
Expenses		
Management fees (note 8)	49,916	49,412
Other	5,655	5,617
Total expenses	55,571	55,029
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 186,365	\$ 128,519

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 2,327,224	\$ 2,434,768
Contractholder deposits	125,832	51,479
Contractholder withdrawals	(284,804)	(287,542)
Increase (decrease) in net assets from operations attributable to contractholders	186,365	128,519
Change in net assets attributable to contractholders	27,393	(107,544)
Net assets attributable to contractholders - end of year	\$ 2,354,617	\$ 2,327,224

Balanced Profile Fund 2.44L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 186,365	\$ 128,519
Adjustments		
Realized (gains) losses	(250,855)	(259,599)
Unrealized (gains) losses	8,919	76,051
Gross proceeds of disposition of investments	694,088	716,750
Gross payments for the purchase of investments	(479,545)	(425,658)
	<u>158,972</u>	<u>236,063</u>
Financing Activities		
Contractholder deposits	125,832	51,479
Contractholder withdrawals	(284,804)	(287,542)
	<u>(158,972)</u>	<u>(236,063)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Profile Fund 2.44L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	25,731	93,994
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund	91,419	130,864
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund	46,793	95,532
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	51,534	65,167
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Corporate Bond Fund 7.52PIM	54,155	70,599
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Mackenzie Floating Rate Income ETF *	5.10%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.07%	
Loblaw Companies Ltd. 5.90% 01-18-2036	2.01%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1.45%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Profile Fund 2.44L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Dividend Fund 2.03L	71,986	107,447
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
EAFE Equity Fund 6.84SAM	46,202	83,059
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 3.04MF	59,093	62,462
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	64,704	62,303
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Foreign Equity Fund 3.02MF	28,416	71,030
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Profile Fund 2.44L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Dividend Fund 8.26SAM	74,291	83,227
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Equity Fund 2.05L	16,039	46,634
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.88%	
Amazon.com Inc.	3.86%	
Apple Inc.	3.19%	
NRG Energy Inc.	2.69%	
Adobe Inc.	2.17%	
Global Small Cap Growth Fund 8.98MF	60,348	70,694
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Wabtec Corp.	2.21%	
Motorola Solutions Inc.	2.21%	
Growth Equity Fund 2.04L	51,324	65,314
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Income Fund 2.06MX	187,997	261,504
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.66%	
Mackenzie Floating Rate Income ETF *	4.99%	
Province of Ontario 2.25% 12-02-2031	4.46%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.08%	
Province of Quebec 3.10% 12-01-2051	1.96%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Profile Fund 2.44L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Fund 2.52LM	108,285	130,039
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
International Opportunity Fund 2.88JPMF	43,805	81,083
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Long Term Bond Fund	70,952	73,949
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Ontario 3.45% 06-02-2045	2.86%	
Government of Canada 2.00% 12-01-2051	2.82%	
Province of Ontario 2.90% 06-02-2049	2.77%	
Province of Ontario 2.80% 06-02-2048	2.75%	
Province of Quebec 3.50% 12-01-2048	2.23%	
Mid Cap Canada Fund 2.16G	21,990	56,610
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Kinaxis Inc.	5.47%	
Aritzia Inc.	4.53%	
Tecsys Inc.	4.13%	
Hardwoods Distribution Inc.	4.00%	
Boralex Inc. Class A	3.56%	
Mortgage Fund	122,026	168,650
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.49%	
BPP CA Industrial Owner LP (Ontario)	1.91%	
2615985 Ontario Inc.	1.71%	
Government of Canada 2.25% 06-01-2025	1.30%	
Canada Housing Trust No. 1 2.10% 09-15-2029	1.29%	

Balanced Profile Fund 2.44L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Estate Fund 2.17G	76,250	148,759
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	
Real Estate Fund 5.91G	24,867	32,155
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	
Real Return Bond Fund 7.53PIM	42,048	43,890
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	14.56%	
Government of Canada 1.50% 12-01-2044 Real Return	14.11%	
Government of Canada 1.25% 12-01-2047 Real Return	13.11%	
Government of Canada 3.00% 12-01-2036 Real Return	12.95%	
Government of Canada 2.00% 12-01-2041 Real Return	12.80%	
U.S. Equity Fund	80,249	107,004
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Equity Fund (S178) 4.11L	64,762	142,648
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	1,520,504	2,354,617

Balanced Profile Fund 2.44L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	1,706,236	1,741,208	1,857,625	1,918,354	1,989,278	686,302	631,996	621,570	570,514	598,032
Individual	13,463,838	15,928,135	18,752,608	22,793,363	26,845,688	332,730	365,354	407,871	453,222	555,583
75/75 guarantee policy	8,182,246	9,043,466	10,385,151	11,197,289	10,915,853	148,777	152,199	165,268	162,450	164,558
75/100 guarantee policy	42,380,275	46,691,561	52,351,397	56,089,768	54,665,885	759,511	776,667	825,728	808,787	820,424
100/100 guarantee policy	1,404,327	1,572,904	1,715,371	1,911,482	1,946,680	24,595	25,652	26,613	27,199	28,899
PS1 75/75 guarantee policy	2,655,973	2,552,315	2,780,355	2,897,265	2,601,375	46,446	41,216	42,355	40,141	37,287
PS1 75/100 guarantee policy	18,038,294	18,397,020	20,032,994	20,326,312	19,058,725	312,070	294,235	302,588	279,545	271,468
PS1 100/100 guarantee policy	446,671	442,858	534,495	574,796	568,532	7,604	6,982	7,971	7,818	8,023
PS2 75/75 guarantee policy	235,810	221,285	253,658	281,795	231,036	5,167	4,373	4,620	4,560	3,777
PS2 75/100 guarantee policy	1,144,295	1,164,465	1,363,144	1,498,643	1,517,570	25,076	23,014	24,826	24,249	24,812
PS2 100/100 guarantee policy	—	—	29,908	31,729	39,800	—	—	547	516	654
PS 75/75 guarantee policy	92,931	102,089	112,399	30,835	—	1,146	1,153	1,187	294	—
PS 75/100 guarantee policy	276,016	321,930	326,459	69,102	—	3,372	3,609	3,432	657	—
PS 100/100 guarantee policy	—	—	—	1,087	—	—	—	—	10	—
PPS 75/75 guarantee policy	65,299	2,214	18,145	22,728	—	812	25	192	217	—
PPS 75/100 guarantee policy	81,450	66,101	—	7,179	—	1,009	749	—	68	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	402.23	362.96	334.60	297.40	300.63	39.27	28.36
Individual	24.71	22.94	21.75	19.88	20.70	1.77	1.19
75/75 guarantee policy	18.18	16.83	15.91	14.51	15.08	1.35	0.92
75/100 guarantee policy	17.92	16.63	15.77	14.42	15.01	1.29	0.86
100/100 guarantee policy	17.51	16.31	15.51	14.23	14.85	1.20	0.80
PS1 75/75 guarantee policy	17.49	16.15	15.23	13.85	14.33	1.34	0.92
PS1 75/100 guarantee policy	17.30	15.99	15.10	13.75	14.24	1.31	0.89
PS1 100/100 guarantee policy	17.03	15.77	14.91	13.60	14.11	1.26	0.86
PS2 75/75 guarantee policy	21.91	19.76	18.21	16.18	16.35	2.15	1.55
PS2 75/100 guarantee policy	21.91	19.76	18.21	16.18	16.35	2.15	1.55
PS2 100/100 guarantee policy	—	—	18.30	16.26	16.43	—	—
PS 75/75 guarantee policy	12.34	11.29	10.56	9.52	—	1.05	0.73
PS 75/100 guarantee policy	12.22	11.21	10.51	9.51	—	1.01	0.70
PS 100/100 guarantee policy	—	—	—	9.49	—	—	—
PPS 75/75 guarantee policy	12.44	11.36	10.59	9.53	—	1.08	0.77
PPS 75/100 guarantee policy	12.39	11.33	—	9.52	—	1.06	0.75

Balanced Profile Fund 2.44L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Profile Fund 2.44L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Profile Fund 2.44L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Profile Fund 2.44L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Profile Fund 2.44L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Profile Fund 2.44L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Profile Fund 2.44L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Profile Fund 2.44L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Profile Fund 2.44L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Profile Fund 2.44L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Profile Fund 2.44L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Profile Fund 2.44L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate funds: "Real Estate Fund 2.17G" and "Real Estate Fund 5.91G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 199,144	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	5,043	1,980
Purchases	—	—
Sales	—	(1,734)
Settlements	—	—
Transfers into Level 3	—	198,898
Transfers out of Level 3	(204,187)	—
Balance, end of year	\$ —	\$ 199,144
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 1,981

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate funds with a fair value of \$198,898 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate funds with a fair value of \$204,187 was transferred on April 19, 2021 from Level 3 to Level 2.

Balanced Profile Fund 2.44L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.87	2.87	2.87	2.97	3.04
75/75 guarantee policy	2.59	2.59	2.58	2.79	2.98
75/100 guarantee policy	2.87	2.87	2.86	2.96	3.03
100/100 guarantee policy	3.20	3.20	3.19	3.20	3.19
PS1 75/75 guarantee policy	2.36	2.36	2.35	2.35	2.34
PS1 75/100 guarantee policy	2.47	2.47	2.46	2.47	2.46
PS1 100/100 guarantee policy	2.64	2.64	2.63	2.64	2.62
PS 75/75 guarantee policy	1.47	1.48	1.46	1.46	—
PS 75/100 guarantee policy	1.76	1.75	1.74	1.74	—
PS 100/100 guarantee policy	—	—	—	2.06	—
PPS 75/75 guarantee policy	1.23	1.25	1.23	1.23	—
PPS 75/100 guarantee policy	1.35	1.34	—	1.34	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	20.50	18.53	0.27	14.38	10.27

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

MODERATE PROFILE FUND 2.43L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Profile Fund 2.43L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Profile Fund 2.43L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	1,738,674	1,808,850
Total investments	1,738,674	1,808,850
Total assets	\$ 1,738,674	\$ 1,808,850
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 1,738,674	\$ 1,808,850

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 118,584	\$ 124,201
Miscellaneous income (loss)	—	—
Total income	118,584	124,201
Expenses		
Management fees (note 8)	37,228	38,941
Other	4,300	4,526
Total expenses	41,528	43,467
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 77,056	\$ 80,734

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 1,808,850	\$ 1,899,565
Contractholder deposits	80,867	68,082
Contractholder withdrawals	(228,099)	(239,531)
Increase (decrease) in net assets from operations attributable to contractholders	77,056	80,734
Change in net assets attributable to contractholders	(70,176)	(90,715)
Net assets attributable to contractholders - end of year	\$ 1,738,674	\$ 1,808,850

Moderate Profile Fund 2.43L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 77,056	\$ 80,734
Adjustments		
Realized (gains) losses	(156,352)	(150,777)
Unrealized (gains) losses	37,768	26,576
Gross proceeds of disposition of investments	483,683	499,684
Gross payments for the purchase of investments	(294,923)	(284,768)
	<u>147,232</u>	<u>171,449</u>
Financing Activities		
Contractholder deposits	80,867	68,082
Contractholder withdrawals	(228,099)	(239,531)
	<u>(147,232)</u>	<u>(171,449)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Profile Fund 2.43L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	55,476	69,271
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund	79,609	119,309
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund	26,761	52,689
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	40,073	50,520
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Corporate Bond Fund 7.52PIM	65,530	86,934
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Mackenzie Floating Rate Income ETF *	5.10%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.07%	
Loblaw Companies Ltd. 5.90% 01-18-2036	2.01%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1.45%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Profile Fund 2.43L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Dividend Fund 2.03L	28,456	61,475
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
EAFE Equity Fund 6.84SAM	31,194	34,936
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 3.04MF	32,758	34,577
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	35,721	34,391
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Foreign Equity Fund 3.02MF	49,859	95,894
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Profile Fund 2.43L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Dividend Fund 8.26SAM	46,850	52,480
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Infrastructure Equity Fund 6.70L	28,284	43,720
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Duke Energy Corp.	5.33%	
NextEra Energy Inc.	4.46%	
Transurban Group Stapled Security	4.19%	
DTE Energy Co.	3.28%	
Sydney Airport Authority Unit	3.11%	
Global Unconstrained Fund 8.97MF	51,239	60,673
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	
Growth Equity Fund 2.04L	40,397	50,603
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Income Fund 2.06MX	172,011	255,020
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.66%	
Mackenzie Floating Rate Income ETF *	4.99%	
Province of Ontario 2.25% 12-02-2031	4.46%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.08%	
Province of Quebec 3.10% 12-01-2051	1.96%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Profile Fund 2.43L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Fund (S036) 4.04LAK	42,178	39,983
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	5.59%	
United States Treasury 1.625% 08-15-2029	4.68%	
United States Treasury 2.875% 04-30-2025	4.37%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.88%	
Government of Spain 2.15% 10-31-2025	2.79%	
International Bond Fund 2.52LM	37,301	57,415
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
International Opportunity Fund 2.88JPMF	21,306	34,310
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Long Term Bond Fund	55,238	65,804
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Ontario 3.45% 06-02-2045	2.86%	
Government of Canada 2.00% 12-01-2051	2.82%	
Province of Ontario 2.90% 06-02-2049	2.77%	
Province of Ontario 2.80% 06-02-2048	2.75%	
Province of Quebec 3.50% 12-01-2048	2.23%	
Mortgage Fund	127,568	173,046
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.49%	
BPP CA Industrial Owner LP (Ontario)	1.91%	
2615985 Ontario Inc.	1.71%	
Government of Canada 2.25% 06-01-2025	1.30%	
Canada Housing Trust No. 1 2.10% 09-15-2029	1.29%	

Moderate Profile Fund 2.43L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Estate Fund 2.17G	53,005	109,664
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	
Real Estate Fund 5.91G	10,200	13,171
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	
Real Return Bond Fund 7.53PIM	42,736	44,740
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	14.56%	
Government of Canada 1.50% 12-01-2044 Real Return	14.11%	
Government of Canada 1.25% 12-01-2047 Real Return	13.11%	
Government of Canada 3.00% 12-01-2036 Real Return	12.95%	
Government of Canada 2.00% 12-01-2041 Real Return	12.80%	
U.S. Dividend Fund 7.76L	18,246	49,089
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	6.52%	
Broadcom Inc.	3.24%	
JPMorgan Chase & Co.	3.14%	
Eaton Corp. PLC	2.51%	
Apple Inc.	2.48%	
U.S. Value Equity Fund (S178) 4.11L	22,545	48,960
<u>Top 5 holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	1,214,541	1,738,674

Moderate Profile Fund 2.43L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	1,214,900	1,198,964	1,191,755	1,118,076	1,077,115	466,653	430,638	399,411	339,248	326,184
Individual	10,915,225	13,310,107	16,324,322	20,069,599	24,755,367	252,484	295,810	347,836	397,806	503,572
75/75 guarantee policy	6,416,349	7,220,403	8,423,095	8,634,923	8,976,775	99,679	107,472	119,866	113,989	121,413
75/100 guarantee policy	38,565,839	43,498,485	49,068,989	51,582,200	54,952,190	590,504	639,919	692,094	676,786	739,941
100/100 guarantee policy	1,234,232	1,406,931	1,516,706	1,621,937	1,720,673	18,501	20,318	21,056	21,002	22,915
PS1 75/75 guarantee policy	2,275,483	2,349,183	2,788,802	2,790,892	3,142,587	34,082	33,634	38,084	35,271	40,524
PS1 75/100 guarantee policy	16,125,391	16,802,608	17,991,220	18,409,339	19,836,059	238,942	238,259	243,603	230,938	254,186
PS1 100/100 guarantee policy	324,544	296,411	328,462	381,871	469,836	4,732	4,143	4,391	4,737	5,964
PS2 75/75 guarantee policy	172,824	170,128	190,056	150,631	239,212	3,211	2,954	3,078	2,208	3,498
PS2 75/100 guarantee policy	1,278,091	1,704,349	1,477,572	1,372,307	1,707,126	23,747	29,596	23,931	20,114	24,962
PS2 100/100 guarantee policy	—	—	1,337	1,370	21,209	—	—	22	20	310
PS 75/75 guarantee policy	47,958	58,262	56,222	37,321	—	571	657	600	365	—
PS 75/100 guarantee policy	277,940	326,725	388,163	117,371	—	3,488	3,895	4,388	1,220	—
PS 100/100 guarantee policy	10,503	10,624	10,748	5,770	—	123	118	114	56	—
PPS 75/75 guarantee policy	39,007	42,274	46,109	39,833	—	468	480	493	390	—
PPS 75/100 guarantee policy	124,461	84,560	56,004	60,322	—	1,489	957	598	591	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	384.11	359.18	335.15	303.42	302.83	24.93	24.03
Individual	23.13	22.22	21.31	19.82	20.34	0.91	0.91
75/75 guarantee policy	15.54	14.88	14.23	13.20	13.53	0.66	0.65
75/100 guarantee policy	15.31	14.71	14.10	13.12	13.47	0.60	0.61
100/100 guarantee policy	14.99	14.44	13.88	12.95	13.32	0.55	0.56
PS1 75/75 guarantee policy	14.98	14.32	13.66	12.64	12.90	0.66	0.66
PS1 75/100 guarantee policy	14.82	14.18	13.54	12.54	12.81	0.64	0.64
PS1 100/100 guarantee policy	14.58	13.98	13.37	12.41	12.69	0.60	0.61
PS2 75/75 guarantee policy	18.58	17.36	16.20	14.66	14.62	1.22	1.16
PS2 75/100 guarantee policy	18.58	17.36	16.20	14.66	14.62	1.22	1.16
PS2 100/100 guarantee policy	—	—	16.20	14.66	14.62	—	—
PS 75/75 guarantee policy	11.91	11.29	10.67	9.79	—	0.62	0.62
PS 75/100 guarantee policy	12.55	11.92	11.30	10.40	—	0.63	0.62
PS 100/100 guarantee policy	11.69	11.13	10.58	9.76	—	0.56	0.55
PPS 75/75 guarantee policy	12.01	11.35	10.71	9.80	—	0.66	0.64
PPS 75/100 guarantee policy	11.96	11.32	10.69	9.79	—	0.64	0.63

Moderate Profile Fund 2.43L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Profile Fund 2.43L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Profile Fund 2.43L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Profile Fund 2.43L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Profile Fund 2.43L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Profile Fund 2.43L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Profile Fund 2.43L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Profile Fund 2.43L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Profile Fund 2.43L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Profile Fund 2.43L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Profile Fund 2.43L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Profile Fund 2.43L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate funds: "Real Estate Fund 2.17G" and "Real Estate Fund 5.91G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 127,485	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	3,318	1,308
Purchases	—	—
Sales	—	(982)
Settlements	—	—
Transfers into Level 3	—	127,159
Transfers out of Level 3	(130,803)	—
Balance, end of year	\$ —	\$ 127,485
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 1,324

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate funds with a fair value of \$127,159 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate funds with a fair value of \$130,803 was transferred on April 19, 2021 from Level 3 to Level 2.

Moderate Profile Fund 2.43L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.77	2.77	2.76	2.84	2.88
75/75 guarantee policy	2.49	2.49	2.48	2.67	2.82
75/100 guarantee policy	2.77	2.77	2.76	2.83	2.87
100/100 guarantee policy	3.04	3.04	3.03	3.04	3.03
PS1 75/75 guarantee policy	2.25	2.25	2.24	2.25	2.24
PS1 75/100 guarantee policy	2.37	2.36	2.35	2.36	2.35
PS1 100/100 guarantee policy	2.53	2.53	2.52	2.53	2.52
PS 75/75 guarantee policy	1.37	1.37	1.36	1.36	—
PS 75/100 guarantee policy	1.65	1.65	1.63	1.64	—
PS 100/100 guarantee policy	1.92	1.92	1.91	1.90	—
PPS 75/75 guarantee policy	1.14	1.13	1.12	1.12	—
PPS 75/100 guarantee policy	1.25	1.24	1.23	1.23	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	16.77	15.66	1.03	10.14	12.26

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

CONSERVATIVE PROFILE FUND 2.42L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Conservative Profile Fund 2.42L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Conservative Profile Fund 2.42L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	1,574,225	1,815,052
Total investments	1,574,225	1,815,052
Total assets	\$ 1,574,225	\$ 1,815,052
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 1,574,225	\$ 1,815,052

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 71,410	\$ 135,337
Miscellaneous income (loss)	—	—
Total income	71,410	135,337
Expenses		
Management fees (note 8)	35,823	38,822
Other	4,218	4,559
Total expenses	40,041	43,381
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 31,369	\$ 91,956

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 1,815,052	\$ 1,832,706
Contractholder deposits	72,799	186,951
Contractholder withdrawals	(344,995)	(296,561)
Increase (decrease) in net assets from operations attributable to contractholders	31,369	91,956
Change in net assets attributable to contractholders	(240,827)	(17,654)
Net assets attributable to contractholders - end of year	\$ 1,574,225	\$ 1,815,052

Conservative Profile Fund 2.42L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 31,369	\$ 91,956
Adjustments		
Realized (gains) losses	(154,454)	(129,685)
Unrealized (gains) losses	83,044	(5,652)
Gross proceeds of disposition of investments	547,411	462,089
Gross payments for the purchase of investments	(235,174)	(309,098)
	<u>272,196</u>	<u>109,610</u>
Financing Activities		
Contractholder deposits	72,799	186,951
Contractholder withdrawals	(344,995)	(296,561)
	<u>(272,196)</u>	<u>(109,610)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Conservative Profile Fund 2.42L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	37,485	46,788
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund	93,623	139,773
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund	17,415	31,686
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	49,973	63,030
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Corporate Bond Fund 7.52PIM	82,920	110,401
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Mackenzie Floating Rate Income ETF *	5.10%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.07%	
Loblaw Companies Ltd. 5.90% 01-18-2036	2.01%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1.45%	

*The issuer of this security is a related company to the issuer of the Fund.

Conservative Profile Fund 2.42L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Dividend Fund 2.03L	24,748	47,553
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
EAFE Equity Fund 6.84SAM	21,033	23,554
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 3.04MF	22,145	23,360
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	23,689	22,761
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Foreign Equity Fund 3.02MF	57,018	62,860
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	

*The issuer of this security is a related company to the issuer of the Fund.

Conservative Profile Fund 2.42L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Dividend Fund 8.26SAM	28,090	31,430
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Infrastructure Equity Fund 6.70L	21,545	31,538
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Duke Energy Corp.	5.33%	
NextEra Energy Inc.	4.46%	
Transurban Group Stapled Security	4.19%	
DTE Energy Co.	3.28%	
Sydney Airport Authority Unit	3.11%	
Global Unconstrained Fund 8.97MF	66,524	78,664
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	
Income Fund 2.06MX	201,643	291,981
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.66%	
Mackenzie Floating Rate Income ETF *	4.99%	
Province of Ontario 2.25% 12-02-2031	4.46%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.08%	
Province of Quebec 3.10% 12-01-2051	1.96%	
International Bond Fund (S036) 4.04LAK	48,889	46,330
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	5.59%	
United States Treasury 1.625% 08-15-2029	4.68%	
United States Treasury 2.875% 04-30-2025	4.37%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.88%	
Government of Spain 2.15% 10-31-2025	2.79%	

*The issuer of this security is a related company to the issuer of the Fund.

Conservative Profile Fund 2.42L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Fund 2.52LM	38,081	57,536
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
International Opportunity Fund 2.88JPMF	14,623	23,418
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Long Term Bond Fund	40,964	47,651
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Ontario 3.45% 06-02-2045	2.86%	
Government of Canada 2.00% 12-01-2051	2.82%	
Province of Ontario 2.90% 06-02-2049	2.77%	
Province of Ontario 2.80% 06-02-2048	2.75%	
Province of Quebec 3.50% 12-01-2048	2.23%	
Mortgage Fund	137,516	193,467
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.49%	
BPP CA Industrial Owner LP (Ontario)	1.91%	
2615985 Ontario Inc.	1.71%	
Government of Canada 2.25% 06-01-2025	1.30%	
Canada Housing Trust No. 1 2.10% 09-15-2029	1.29%	
Real Estate Fund 2.17G	36,861	83,259
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	

Conservative Profile Fund 2.42L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Estate Fund 5.91G	3,071	3,965
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	
Real Return Bond Fund 7.53PIM	40,796	50,238
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	14.56%	
Government of Canada 1.50% 12-01-2044 Real Return	14.11%	
Government of Canada 1.25% 12-01-2047 Real Return	13.11%	
Government of Canada 3.00% 12-01-2036 Real Return	12.95%	
Government of Canada 2.00% 12-01-2041 Real Return	12.80%	
U.S. Dividend Fund 7.76L	14,207	31,509
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	6.52%	
Broadcom Inc.	3.24%	
JPMorgan Chase & Co.	3.14%	
Eaton Corp. PLC	2.51%	
Apple Inc.	2.48%	
U.S. Value Equity Fund (S178) 4.11L	17,151	31,473
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	1,140,010	1,574,225

Conservative Profile Fund 2.42L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	535,019	589,541	534,394	492,100	509,109	188,491	198,792	167,209	141,135	144,864
Individual	13,545,368	16,669,923	19,914,174	24,221,133	30,643,253	292,050	353,064	401,680	459,605	592,178
75/75 guarantee policy	8,055,924	9,914,237	10,831,659	11,150,062	12,494,415	116,600	140,645	146,011	141,082	160,782
75/100 guarantee policy	43,563,048	50,860,732	55,422,116	56,735,281	61,470,087	622,501	713,935	740,894	713,509	787,295
100/100 guarantee policy	1,592,045	1,846,230	1,954,742	2,072,127	2,388,983	22,350	25,500	25,752	25,721	30,248
PS1 75/75 guarantee policy	2,718,778	3,082,826	3,549,078	3,557,388	3,681,020	37,448	41,498	45,265	42,463	44,517
PS1 75/100 guarantee policy	19,607,351	22,918,021	21,756,194	20,951,648	24,081,907	267,168	305,533	275,111	248,236	289,401
PS1 100/100 guarantee policy	361,783	448,792	299,683	334,753	554,231	4,876	5,925	3,757	3,937	6,618
PS2 75/75 guarantee policy	291,849	470,540	534,650	526,882	682,190	4,933	7,608	8,018	7,240	9,296
PS2 75/100 guarantee policy	522,628	835,593	815,653	1,143,618	1,497,849	8,834	13,510	12,232	15,714	20,412
PS2 100/100 guarantee policy	—	44,325	62,127	47,404	77,723	—	717	932	651	1,059
PS 75/75 guarantee policy	100,790	111,183	88,065	19,234	—	1,175	1,257	935	190	—
PS 75/100 guarantee policy	405,274	460,302	370,100	176,538	—	4,689	5,174	3,918	1,738	—
PS 100/100 guarantee policy	12,686	13,255	13,373	—	—	146	148	141	—	—
PPS 75/75 guarantee policy	76,162	23,073	19,963	18,101	—	897	263	213	179	—
PPS 75/100 guarantee policy	176,180	130,676	59,884	6,688	—	2,067	1,483	638	66	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	352.31	337.20	312.89	286.80	284.54	15.11	24.31
Individual	21.56	21.18	20.17	18.98	19.32	0.38	1.01
75/75 guarantee policy	14.47	14.19	13.48	12.65	12.87	0.28	0.71
75/100 guarantee policy	14.29	14.04	13.37	12.58	12.81	0.25	0.67
100/100 guarantee policy	14.04	13.81	13.17	12.41	12.66	0.23	0.64
PS1 75/75 guarantee policy	13.77	13.46	12.75	11.94	12.09	0.31	0.71
PS1 75/100 guarantee policy	13.63	13.33	12.65	11.85	12.02	0.30	0.68
PS1 100/100 guarantee policy	13.48	13.20	12.54	11.76	11.94	0.28	0.66
PS2 75/75 guarantee policy	16.90	16.17	15.00	13.74	13.63	0.73	1.17
PS2 75/100 guarantee policy	16.90	16.17	15.00	13.74	13.63	0.73	1.17
PS2 100/100 guarantee policy	—	16.17	15.00	13.74	13.63	—	1.17
PS 75/75 guarantee policy	11.66	11.30	10.62	9.86	—	0.36	0.68
PS 75/100 guarantee policy	11.57	11.24	10.59	9.85	—	0.33	0.65
PS 100/100 guarantee policy	11.51	11.20	10.56	—	—	0.31	0.64
PPS 75/75 guarantee policy	11.78	11.38	10.67	9.87	—	0.40	0.71
PPS 75/100 guarantee policy	11.73	11.35	10.65	9.87	—	0.38	0.70

Conservative Profile Fund 2.42L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Conservative Profile Fund 2.42L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Conservative Profile Fund 2.42L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Conservative Profile Fund 2.42L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Conservative Profile Fund 2.42L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Conservative Profile Fund 2.42L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Conservative Profile Fund 2.42L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Conservative Profile Fund 2.42L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Conservative Profile Fund 2.42L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Conservative Profile Fund 2.42L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Conservative Profile Fund 2.42L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Conservative Profile Fund 2.42L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate funds: "Real Estate Fund 2.17G" and "Real Estate Fund 5.91G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 96,964	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	2,608	1,033
Purchases	—	—
Sales	—	(1,060)
Settlements	—	—
Transfers into Level 3	—	96,991
Transfers out of Level 3	(99,572)	—
Balance, end of year	\$ —	\$ 96,964
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 1,035

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate funds with a fair value of \$96,991 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate funds with a fair value of \$99,572 was transferred on April 19, 2021 from Level 3 to Level 2.

Conservative Profile Fund 2.42L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.66	2.65	2.65	2.66	2.65
75/75 guarantee policy	2.43	2.43	2.42	2.52	2.59
75/100 guarantee policy	2.66	2.65	2.65	2.66	2.65
100/100 guarantee policy	2.81	2.81	2.80	2.82	2.81
PS1 75/75 guarantee policy	2.14	2.14	2.13	2.14	2.13
PS1 75/100 guarantee policy	2.26	2.25	2.24	2.25	2.24
PS1 100/100 guarantee policy	2.37	2.36	2.35	2.37	2.36
PS 75/75 guarantee policy	1.31	1.31	1.30	1.30	—
PS 75/100 guarantee policy	1.54	1.53	1.52	1.52	—
PS 100/100 guarantee policy	1.69	1.69	1.67	—	—
PPS 75/75 guarantee policy	1.02	1.02	1.01	1.01	—
PPS 75/100 guarantee policy	1.13	1.13	1.12	1.12	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	14.01	17.09	2.20	6.45	14.58

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

FIXED INCOME PROFILE FUND 3.00L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Fixed Income Profile Fund 3.00L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Fixed Income Profile Fund 3.00L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	153,555	202,436
Total investments	153,555	202,436
Total assets	\$ 153,555	\$ 202,436
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 153,555	\$ 202,436

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (3,485)	\$ 15,952
Miscellaneous income (loss)	—	—
Total income	(3,485)	15,952
Expenses		
Management fees (note 8)	2,785	3,152
Other	352	396
Total expenses	3,137	3,548
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (6,622)	\$ 12,404

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 202,436	\$ 192,291
Contractholder deposits	5,089	30,496
Contractholder withdrawals	(47,348)	(32,755)
Increase (decrease) in net assets from operations attributable to contractholders	(6,622)	12,404
Change in net assets attributable to contractholders	(48,881)	10,145
Net assets attributable to contractholders - end of year	\$ 153,555	\$ 202,436

Fixed Income Profile Fund 3.00L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (6,622)	\$ 12,404
Adjustments		
Realized (gains) losses	(11,572)	(5,300)
Unrealized (gains) losses	15,057	(10,652)
Gross proceeds of disposition of investments	70,832	29,444
Gross payments for the purchase of investments	(25,436)	(23,637)
	42,259	2,259
Financing Activities		
Contractholder deposits	5,089	30,496
Contractholder withdrawals	(47,348)	(32,755)
	(42,259)	(2,259)
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	\$ —	\$ —

Fixed Income Profile Fund 3.00L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund	24,455	30,777
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Core Plus Fund 10.38LW	5,946	6,158
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Ontario 2.90% 06-02-2049	2.27%	
The Bank of Nova Scotia 2.38% 05-01-2023	2.08%	
Province of Alberta 1.65% 06-01-2031	2.02%	
Sun Life Financial Inc. Floating Rate 09-19-2028	1.50%	
The First Nations Finance Authority 3.05% 06-01-2028	1.46%	
Corporate Bond Fund 7.52PIM	12,010	13,831
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Mackenzie Floating Rate Income ETF *	5.10%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.07%	
Loblaw Companies Ltd. 5.90% 01-18-2036	2.01%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1.45%	
Global Unconstrained Fund 8.97MF	10,718	12,241
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	
Income Fund 2.06MX	25,733	32,300
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.66%	
Mackenzie Floating Rate Income ETF *	4.99%	
Province of Ontario 2.25% 12-02-2031	4.46%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.08%	
Province of Quebec 3.10% 12-01-2051	1.96%	

*The issuer of this security is a related company to the issuer of the Fund.

Fixed Income Profile Fund 3.00L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Fund (S036) 4.04LAK	7,730	7,531
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	5.59%	
United States Treasury 1.625% 08-15-2029	4.68%	
United States Treasury 2.875% 04-30-2025	4.37%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.88%	
Government of Spain 2.15% 10-31-2025	2.79%	
International Bond Fund 2.52LM	6,346	7,586
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
Long Term Bond Fund	10,168	12,363
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Ontario 3.45% 06-02-2045	2.86%	
Government of Canada 2.00% 12-01-2051	2.82%	
Province of Ontario 2.90% 06-02-2049	2.77%	
Province of Ontario 2.80% 06-02-2048	2.75%	
Province of Quebec 3.50% 12-01-2048	2.23%	
Mortgage Fund	19,230	22,998
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.49%	
BPP CA Industrial Owner LP (Ontario)	1.91%	
2615985 Ontario Inc.	1.71%	
Government of Canada 2.25% 06-01-2025	1.30%	
Canada Housing Trust No. 1 2.10% 09-15-2029	1.29%	
Real Return Bond Fund 7.53PIM	6,315	7,770
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	14.56%	
Government of Canada 1.50% 12-01-2044 Real Return	14.11%	
Government of Canada 1.25% 12-01-2047 Real Return	13.11%	
Government of Canada 3.00% 12-01-2036 Real Return	12.95%	
Government of Canada 2.00% 12-01-2041 Real Return	12.80%	
Total Investments	128,651	153,555

Fixed Income Profile Fund 3.00L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	324,536	518,346	281,517	322,837	349,730	6,240	10,122	5,066	5,460	5,816
Individual	1,371,672	1,634,703	1,886,270	2,110,400	2,447,872	22,814	28,232	30,698	33,003	38,516
75/75 guarantee policy	646,560	852,884	930,536	834,394	723,257	8,198	11,216	11,519	9,914	8,638
75/100 guarantee policy	3,855,964	4,823,535	4,999,421	4,279,043	3,948,446	48,338	62,787	61,325	50,435	46,826
100/100 guarantee policy	175,406	224,522	191,760	211,530	252,596	2,175	2,898	2,338	2,483	2,989
PS1 75/75 guarantee policy	360,364	572,444	607,497	354,524	230,087	4,353	7,131	7,082	3,944	2,556
PS1 75/100 guarantee policy	3,933,808	4,391,145	4,271,457	3,611,368	3,045,381	47,258	54,433	49,581	40,025	33,724
PS1 100/100 guarantee policy	75,768	133,906	234,355	246,619	220,038	900	1,643	2,697	2,713	2,421
PS2 75/75 guarantee policy	93,565	137,896	130,721	107,128	117,072	1,315	1,967	1,718	1,322	1,421
PS2 75/100 guarantee policy	559,440	1,066,237	1,107,368	1,087,502	395,186	7,863	15,209	14,552	13,424	4,795
PS2 100/100 guarantee policy	154,843	201,406	206,649	206,219	—	2,176	2,873	2,715	2,545	—
PS 75/75 guarantee policy	9,997	38,872	44,705	3,762	—	108	434	467	38	—
PS 75/100 guarantee policy	97,627	173,926	113,745	48,351	—	1,053	1,936	1,186	482	—
PS 100/100 guarantee policy	1,515	1,530	—	—	—	16	17	—	—	—
PPS 75/75 guarantee policy	32,352	31,617	35,636	—	—	357	358	376	—	—
PPS 75/100 guarantee policy	35,445	104,375	92,217	1,040	—	391	1,180	971	10	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	19.23	19.53	18.00	16.91	16.63	(0.30)	1.53
Individual	16.63	17.27	16.27	15.64	15.73	(0.64)	1.00
75/75 guarantee policy	12.68	13.15	12.38	11.88	11.94	(0.47)	0.77
75/100 guarantee policy	12.54	13.02	12.27	11.79	11.86	(0.48)	0.75
100/100 guarantee policy	12.40	12.91	12.19	11.74	11.83	(0.51)	0.72
PS1 75/75 guarantee policy	12.08	12.46	11.66	11.12	11.11	(0.38)	0.80
PS1 75/100 guarantee policy	12.01	12.40	11.61	11.08	11.07	(0.39)	0.79
PS1 100/100 guarantee policy	11.88	12.27	11.51	11.00	11.00	(0.39)	0.76
PS2 75/75 guarantee policy	14.05	14.26	13.14	12.34	12.13	(0.21)	1.12
PS2 75/100 guarantee policy	14.05	14.26	13.14	12.34	12.13	(0.21)	1.12
PS2 100/100 guarantee policy	14.05	14.26	13.14	12.34	—	(0.21)	1.12
PS 75/75 guarantee policy	10.82	11.16	10.45	9.97	—	(0.34)	0.71
PS 75/100 guarantee policy	10.78	11.13	10.43	9.97	—	(0.35)	0.70
PS 100/100 guarantee policy	10.70	11.07	—	—	—	(0.37)	0.67
PPS 75/75 guarantee policy	11.04	11.32	10.54	—	—	(0.28)	0.78
PPS 75/100 guarantee policy	11.02	11.31	10.53	10.00	—	(0.29)	0.78

Fixed Income Profile Fund 3.00L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fixed Income Profile Fund 3.00L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Fixed Income Profile Fund 3.00L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Fixed Income Profile Fund 3.00L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Fixed Income Profile Fund 3.00L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Fixed Income Profile Fund 3.00L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fixed Income Profile Fund 3.00L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Fixed Income Profile Fund 3.00L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Fixed Income Profile Fund 3.00L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Fixed Income Profile Fund 3.00L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Fixed Income Profile Fund 3.00L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Fixed Income Profile Fund 3.00L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Fixed Income Profile Fund 3.00L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.28	2.28	2.27	2.34	2.44
75/75 guarantee policy	2.17	2.17	2.16	2.24	2.38
75/100 guarantee policy	2.29	2.28	2.27	2.34	2.43
100/100 guarantee policy	2.51	2.50	2.50	2.51	2.49
PS1 75/75 guarantee policy	1.60	1.59	1.58	1.58	1.58
PS1 75/100 guarantee policy	1.65	1.65	1.63	1.64	1.62
PS1 100/100 guarantee policy	1.77	1.76	1.75	1.75	1.74
PS 75/75 guarantee policy	1.61	1.61	1.59	1.59	—
PS 75/100 guarantee policy	1.73	1.71	1.71	1.70	—
PS 100/100 guarantee policy	1.95	1.93	—	—	—
PPS 75/75 guarantee policy	1.03	1.03	1.00	—	—
PPS 75/100 guarantee policy	1.09	1.08	1.07	1.07	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	14.71	11.93	8.89	10.04	35.31

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY PROFILE FUND 2.98L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Equity Profile Fund 2.98L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Equity Profile Fund 2.98L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	23,206	22,005
Total investments	23,206	22,005
Total assets	\$ 23,206	\$ 22,005
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 23,206	\$ 22,005

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 5,318	\$ 703
Miscellaneous income (loss)	—	—
Total income	5,318	703
Expenses		
Management fees (note 8)	614	583
Other	71	68
Total expenses	685	651
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 4,633	\$ 52

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 22,005	\$ 25,607
Contractholder deposits	536	659
Contractholder withdrawals	(3,968)	(4,313)
Increase (decrease) in net assets from operations attributable to contractholders	4,633	52
Change in net assets attributable to contractholders	1,201	(3,602)
Net assets attributable to contractholders - end of year	\$ 23,206	\$ 22,005

Canadian Equity Profile Fund 2.98L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 4,633	\$ 52
Adjustments		
Realized (gains) losses	(5,991)	(1,220)
Unrealized (gains) losses	673	517
Gross proceeds of disposition of investments	15,318	4,723
Gross payments for the purchase of investments	(11,201)	(418)
	<u>3,432</u>	<u>3,654</u>
Financing Activities		
Contractholder deposits	536	659
Contractholder withdrawals	(3,968)	(4,313)
	<u>(3,432)</u>	<u>(3,654)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Canadian Equity Profile Fund 2.98L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Fund	1,055	2,330
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	5,336	5,815
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Canadian Equity Fund 6.92BG	2,342	3,487
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Toronto-Dominion Bank	9.20%	
Beutel Goodman Small Cap Fund	7.45%	
Royal Bank of Canada	5.62%	
Brookfield Asset Management Inc.	5.28%	
Canadian National Railway Co.	4.81%	
Dividend Fund 2.03L	2,132	3,491
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
Growth Equity Fund 2.04L	4,649	5,816
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Equity Profile Fund 2.98L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Mid Cap Canada Fund 2.16G	1,371	2,267
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Kinaxis Inc.	5.47%	
Aritzia Inc.	4.53%	
Tecsys Inc.	4.13%	
Hardwoods Distribution Inc.	4.00%	
Boralex Inc. Class A	3.56%	
Total Investments	16,885	23,206

Canadian Equity Profile Fund 2.98L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual	355,818	407,740	486,789	553,756	676,019	10,573	9,913	11,676	11,431	15,843
75/75 guarantee policy	81,786	92,906	111,040	114,376	115,762	1,797	1,665	1,958	1,731	1,984
75/100 guarantee policy	322,096	377,031	424,748	475,679	480,983	6,912	6,620	7,357	7,091	8,140
100/100 guarantee policy	24,417	26,030	32,359	33,291	30,117	501	439	540	480	495
PS1 75/75 guarantee policy	16,844	20,103	14,109	41,367	43,859	355	345	237	594	710
PS1 75/100 guarantee policy	132,346	156,786	215,060	238,346	291,792	2,732	2,636	3,551	3,372	4,664
PS1 100/100 guarantee policy	2,924	8,824	7,702	9,636	7,933	58	144	124	133	125
PS2 75/75 guarantee policy	2,286	3,247	3,118	15,215	13,012	61	68	63	256	241
PS2 75/100 guarantee policy	7,508	7,668	4,360	9,087	5,674	199	162	88	153	105
PS 75/100 guarantee policy	1,356	1,276	1,288	—	—	18	13	13	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual	29.71	24.31	23.99	20.64	23.44	5.40	0.32
75/75 guarantee policy	21.97	17.92	17.63	15.13	17.14	4.05	0.29
75/100 guarantee policy	21.46	17.56	17.32	14.91	16.92	3.90	0.24
100/100 guarantee policy	20.52	16.85	16.68	14.41	16.42	3.67	0.17
PS1 75/75 guarantee policy	21.09	17.14	16.79	14.36	16.19	3.95	0.35
PS1 75/100 guarantee policy	20.64	16.81	16.51	14.14	15.98	3.83	0.30
PS1 100/100 guarantee policy	19.99	16.33	16.09	13.83	15.68	3.66	0.24
PS2 75/75 guarantee policy	26.58	21.09	20.17	16.83	18.53	5.49	0.92
PS2 75/100 guarantee policy	26.59	21.09	20.17	16.84	18.53	5.50	0.92
PS 75/100 guarantee policy	13.00	10.52	10.26	—	—	2.48	0.26

Canadian Equity Profile Fund 2.98L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Equity Profile Fund 2.98L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Equity Profile Fund 2.98L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Profile Fund 2.98L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Profile Fund 2.98L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Canadian Equity Profile Fund 2.98L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Canadian Equity Profile Fund 2.98L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Profile Fund 2.98L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Canadian Equity Profile Fund 2.98L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Equity Profile Fund 2.98L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Equity Profile Fund 2.98L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Canadian Equity Profile Fund 2.98L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Canadian Equity Profile Fund 2.98L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.09	3.10	3.10	3.11	3.10
75/75 guarantee policy	2.82	2.82	2.82	2.87	2.92
75/100 guarantee policy	3.09	3.10	3.10	3.11	3.09
100/100 guarantee policy	3.46	3.47	3.47	3.48	3.45
PS1 75/75 guarantee policy	2.42	2.41	2.41	2.42	2.40
PS1 75/100 guarantee policy	2.64	2.64	2.64	2.65	2.63
PS1 100/100 guarantee policy	2.98	2.97	2.97	2.98	2.99
PS 75/100 guarantee policy	1.98	1.99	1.98	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	49.03	1.90	9.24	2.93	37.34

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL EQUITY PROFILE FUND 2.99L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Equity Profile Fund 2.99L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Equity Profile Fund 2.99L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	80,354	78,315
Total investments	80,354	78,315
Total assets	\$ 80,354	\$ 78,315
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 80,354	\$ 78,315

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 13,180	\$ 8,588
Miscellaneous income (loss)	—	—
Total income	13,180	8,588
Expenses		
Management fees (note 8)	2,049	1,944
Other	265	252
Total expenses	2,314	2,196
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 10,866	\$ 6,392

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 78,315	\$ 83,927
Contractholder deposits	2,933	2,443
Contractholder withdrawals	(11,760)	(14,447)
Increase (decrease) in net assets from operations attributable to contractholders	10,866	6,392
Change in net assets attributable to contractholders	2,039	(5,612)
Net assets attributable to contractholders - end of year	\$ 80,354	\$ 78,315

Global Equity Profile Fund 2.99L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 10,866	\$ 6,392
Adjustments		
Realized (gains) losses	(12,681)	(5,584)
Unrealized (gains) losses	(499)	(3,004)
Gross proceeds of disposition of investments	34,133	16,110
Gross payments for the purchase of investments	(22,992)	(1,910)
	<u>8,827</u>	<u>12,004</u>
Financing Activities		
Contractholder deposits	2,933	2,443
Contractholder withdrawals	(11,760)	(14,447)
	<u>(8,827)</u>	<u>(12,004)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Global Equity Profile Fund 2.99L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	5,746	13,308
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
EAFE Equity Fund 6.84SAM	5,592	7,267
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 3.04MF	4,102	3,810
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	2,746	3,816
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Foreign Equity Fund 3.02MF	2,069	4,029
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	

*The issuer of this security is a related company to the issuer of the Fund.

Global Equity Profile Fund 2.99L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Dividend Fund 8.26SAM	2,792	4,035
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Equity Fund 2.05L	3,888	4,020
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.88%	
Amazon.com Inc.	3.86%	
Apple Inc.	3.19%	
NRG Energy Inc.	2.69%	
Adobe Inc.	2.17%	
Global Infrastructure Equity Fund 6.70L	3,834	4,034
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Duke Energy Corp.	5.33%	
NextEra Energy Inc.	4.46%	
Transurban Group Stapled Security	4.19%	
DTE Energy Co.	3.28%	
Sydney Airport Authority Unit	3.11%	
Global Small Cap Growth Fund 8.98MF	4,795	5,667
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Wabtec Corp.	2.21%	
Motorola Solutions Inc.	2.21%	
International Opportunity Fund 2.88JPMF	5,021	7,244
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	

Global Equity Profile Fund 2.99L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Fund	6,168	13,400
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Equity Fund (S178) 4.11L	5,907	9,724
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	52,660	80,354

Global Equity Profile Fund 2.99L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual	414,289	500,377	646,396	825,193	890,874	9,405	9,973	11,834	13,487	15,364
75/75 guarantee policy	389,827	441,393	486,289	534,176	480,176	11,058	10,956	11,050	10,800	10,217
75/100 guarantee policy	1,000,934	1,158,740	1,313,067	1,356,355	1,109,906	27,831	28,289	29,445	27,153	23,445
100/100 guarantee policy	29,796	38,888	47,585	58,455	50,570	765	883	999	1,102	1,013
PS1 75/75 guarantee policy	183,131	184,714	209,153	241,519	208,249	5,086	4,469	4,610	4,715	4,255
PS1 75/100 guarantee policy	628,484	656,258	791,469	855,640	695,689	16,898	15,421	17,004	16,334	13,947
PS1 100/100 guarantee policy	29,222	30,384	32,672	38,598	31,525	752	687	678	715	616
PS2 75/75 guarantee policy	63,732	68,054	89,839	99,206	77,720	2,270	2,057	2,411	2,297	1,835
PS2 75/100 guarantee policy	157,172	161,696	194,048	205,387	129,425	5,599	4,888	5,208	4,756	3,056
PS2 100/100 guarantee policy	—	7,293	7,506	7,719	13,759	—	220	202	179	325
PS 75/75 guarantee policy	8,880	8,576	8,800	7,601	—	117	98	91	69	—
PS 75/100 guarantee policy	15,688	19,745	25,532	2,883	—	205	223	263	26	—
PS 100/100 guarantee policy	—	866	871	676	—	—	10	9	6	—
PPS 75/75 guarantee policy	12,887	4,910	6,320	3,400	—	173	57	66	31	—
PPS 75/100 guarantee policy	14,688	7,361	5,531	3,677	—	195	84	57	34	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual	22.70	19.93	18.31	16.34	17.25	2.77	1.62
75/75 guarantee policy	28.37	24.82	22.72	20.22	21.28	3.55	2.10
75/100 guarantee policy	27.80	24.41	22.42	20.02	21.12	3.39	1.99
100/100 guarantee policy	25.69	22.70	20.99	18.86	20.03	2.99	1.71
PS1 75/75 guarantee policy	27.77	24.19	22.04	19.52	20.43	3.58	2.15
PS1 75/100 guarantee policy	26.89	23.50	21.48	19.09	20.05	3.39	2.02
PS1 100/100 guarantee policy	25.75	22.61	20.76	18.53	19.55	3.14	1.85
PS2 75/75 guarantee policy	35.62	30.23	26.83	23.15	23.61	5.39	3.40
PS2 75/100 guarantee policy	35.62	30.23	26.84	23.16	23.61	5.39	3.39
PS2 100/100 guarantee policy	—	30.23	26.84	23.16	23.61	—	3.39
PS 75/75 guarantee policy	13.19	11.42	10.33	9.09	—	1.77	1.09
PS 75/100 guarantee policy	13.04	11.32	10.28	9.07	—	1.72	1.04
PS 100/100 guarantee policy	—	11.14	10.18	9.05	—	—	0.96
PPS 75/75 guarantee policy	13.41	11.55	10.40	9.11	—	1.86	1.15
PPS 75/100 guarantee policy	13.25	11.45	10.35	9.10	—	1.80	1.10

Global Equity Profile Fund 2.99L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Equity Profile Fund 2.99L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Global Equity Profile Fund 2.99L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Equity Profile Fund 2.99L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Equity Profile Fund 2.99L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Global Equity Profile Fund 2.99L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Global Equity Profile Fund 2.99L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Equity Profile Fund 2.99L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Global Equity Profile Fund 2.99L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Global Equity Profile Fund 2.99L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Equity Profile Fund 2.99L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Global Equity Profile Fund 2.99L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Global Equity Profile Fund 2.99L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.41	3.42	3.41	3.42	3.40
75/75 guarantee policy	3.07	3.07	3.07	3.16	3.29
75/100 guarantee policy	3.41	3.41	3.41	3.41	3.40
100/100 guarantee policy	4.06	4.06	4.05	4.06	4.04
PS1 75/75 guarantee policy	2.61	2.61	2.60	2.60	2.59
PS1 75/100 guarantee policy	2.95	2.95	2.94	2.94	2.93
PS1 100/100 guarantee policy	3.40	3.40	3.39	3.39	3.37
PS 75/75 guarantee policy	1.94	1.94	1.93	1.93	—
PS 75/100 guarantee policy	2.29	2.28	2.27	2.27	—
PS 100/100 guarantee policy	—	2.94	2.93	2.91	—
PPS 75/75 guarantee policy	1.47	1.48	1.46	1.46	—
PPS 75/100 guarantee policy	1.81	1.81	1.80	1.80	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	28.80	2.52	3.14	9.56	48.98

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

2010 PROFILE FUND 5.14L

December 31, 2021

Independent Auditor's Report

To the Contractholders of 2010 Profile Fund 5.14L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

2010 Profile Fund 5.14L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	11,808	12,547
Total investments	11,808	12,547
Total assets	\$ 11,808	\$ 12,547
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 11,808	\$ 12,547

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 577	\$ 945
Miscellaneous income (loss)	—	—
Total income	577	945
Expenses		
Management fees (note 8)	134	133
Other	14	14
Total expenses	148	147
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 429	\$ 798

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 12,547	\$ 11,802
Contractholder deposits	1,450	1,078
Contractholder withdrawals	(2,618)	(1,131)
Increase (decrease) in net assets from operations attributable to contractholders	429	798
Change in net assets attributable to contractholders	(739)	745
Net assets attributable to contractholders - end of year	\$ 11,808	\$ 12,547

2010 Profile Fund 5.14L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 429	\$ 798
Adjustments		
Realized (gains) losses	(1,040)	(744)
Unrealized (gains) losses	463	(201)
Gross proceeds of disposition of investments	4,805	3,921
Gross payments for the purchase of investments	(3,489)	(3,721)
	<u>1,168</u>	<u>53</u>
Financing Activities		
Contractholder deposits	1,450	1,078
Contractholder withdrawals	(2,618)	(1,131)
	<u>(1,168)</u>	<u>(53)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

2010 Profile Fund 5.14L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	283	351
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund	1,372	1,645
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund	283	414
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	189	237
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Corporate Bond Fund 7.52PIM	783	887
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Mackenzie Floating Rate Income ETF *	5.10%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.07%	
Loblaw Companies Ltd. 5.90% 01-18-2036	2.01%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1.45%	

*The issuer of this security is a related company to the issuer of the Fund.

2010 Profile Fund 5.14L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Dividend Fund 2.03L	254	415
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
EAFE Equity Fund 6.84SAM	158	176
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 3.04MF	169	176
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	183	176
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Fixed Income Fund (S019) 3.99LAK	2,073	2,443
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.54%	
Mackenzie Floating Rate Income ETF *	5.08%	
Province of Ontario 2.25% 12-02-2031	4.62%	
Province of Quebec 3.10% 12-01-2051	2.20%	
Canada Housing Trust No. 1 Floating Rate 09-15-2023	2.10%	

*The issuer of this security is a related company to the issuer of the Fund.

2010 Profile Fund 5.14L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Foreign Equity Fund 3.02MF	347	471
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Dividend Fund 8.26SAM	211	235
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Infrastructure Equity Fund 6.70L	182	236
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Duke Energy Corp.	5.33%	
NextEra Energy Inc.	4.46%	
Transurban Group Stapled Security	4.19%	
DTE Energy Co.	3.28%	
Sydney Airport Authority Unit	3.11%	
Global Unconstrained Fund 8.97MF	521	589
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	
International Bond Fund (S036) 4.04LAK	368	350
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	5.59%	
United States Treasury 1.625% 08-15-2029	4.68%	
United States Treasury 2.875% 04-30-2025	4.37%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.88%	
Government of Spain 2.15% 10-31-2025	2.79%	

*The issuer of this security is a related company to the issuer of the Fund.

2010 Profile Fund 5.14L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Fund 2.52LM	396	474
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
International Opportunity Fund 2.88JPMF	115	176
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Long Term Bond Fund	309	357
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Ontario 3.45% 06-02-2045	2.86%	
Government of Canada 2.00% 12-01-2051	2.82%	
Province of Ontario 2.90% 06-02-2049	2.77%	
Province of Ontario 2.80% 06-02-2048	2.75%	
Province of Quebec 3.50% 12-01-2048	2.23%	
Mortgage Fund	673	790
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.49%	
BPP CA Industrial Owner LP (Ontario)	1.91%	
2615985 Ontario Inc.	1.71%	
Government of Canada 2.25% 06-01-2025	1.30%	
Canada Housing Trust No. 1 2.10% 09-15-2029	1.29%	
Real Estate Fund 2.17G	190	337
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	

2010 Profile Fund 5.14L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Return Bond Fund 7.53PIM	375	401
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	14.56%	
Government of Canada 1.50% 12-01-2044 Real Return	14.11%	
Government of Canada 1.25% 12-01-2047 Real Return	13.11%	
Government of Canada 3.00% 12-01-2036 Real Return	12.95%	
Government of Canada 2.00% 12-01-2041 Real Return	12.80%	
U.S. Dividend Fund 7.76L	128	236
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	6.52%	
Broadcom Inc.	3.24%	
JPMorgan Chase & Co.	3.14%	
Eaton Corp. PLC	2.51%	
Apple Inc.	2.48%	
U.S. Value Equity Fund (S178) 4.11L	164	236
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	9,726	11,808

2010 Profile Fund 5.14L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	483,749	538,830	537,935	573,030	683,221	11,369	12,066	11,159	10,803	12,767
Individual	22,221	23,903	32,845	31,762	49,716	332	350	458	413	659
75/75 guarantee policy	417	1,047	5,746	3,569	3,544	6	15	81	47	47
75/100 guarantee policy	6,447	6,902	6,610	6,738	14,653	96	102	92	88	195
PS1 75/100 guarantee policy	312	1,032	949	916	643	5	14	12	11	8

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	23.50	22.39	20.74	18.85	18.69	1.11	1.65
Individual	14.94	14.63	13.93	13.01	13.26	0.31	0.70
75/75 guarantee policy	15.15	14.80	14.05	13.08	13.31	0.35	0.75
75/100 guarantee policy	14.94	14.63	13.93	13.01	13.26	0.31	0.70
PS1 75/100 guarantee policy	14.36	13.99	13.26	12.33	12.50	0.37	0.73

2010 Profile Fund 5.14L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The 2010 Profile Fund 5.14L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2010 Profile Fund 5.14L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2010 Profile Fund 5.14L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2010 Profile Fund 5.14L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

2010 Profile Fund 5.14L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2010 Profile Fund 5.14L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

2010 Profile Fund 5.14L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

2010 Profile Fund 5.14L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

2010 Profile Fund 5.14L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

2010 Profile Fund 5.14L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

2010 Profile Fund 5.14L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Real Estate Fund 2.17G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 906	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	25	10
Purchases	—	—
Sales	—	(1)
Settlements	—	—
Transfers into Level 3	—	897
Transfers out of Level 3	(931)	—
Balance, end of year	\$ —	\$ 906
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 10

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$897 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$931 was transferred on April 19, 2021 from Level 3 to Level 2.

2010 Profile Fund 5.14L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.78	2.79	2.78	2.84	2.85
75/75 guarantee policy	2.50	2.51	2.50	2.67	2.78
75/100 guarantee policy	2.78	2.79	2.78	2.84	2.84
PS1 75/100 guarantee policy	2.36	2.33	2.32	2.34	2.31

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	28.87	30.86	14.64	17.66	33.49

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

2015 PROFILE FUND 5.15L

December 31, 2021

Independent Auditor's Report

To the Contractholders of 2015 Profile Fund 5.15L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

2015 Profile Fund 5.15L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	31,730	38,564
Total investments	31,730	38,564
Total assets	\$ 31,730	\$ 38,564
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 31,730	\$ 38,564

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,722	\$ 2,934
Miscellaneous income (loss)	—	—
Total income	1,722	2,934
Expenses		
Management fees (note 8)	470	513
Other	47	51
Total expenses	517	564
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,205	\$ 2,370

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 38,564	\$ 41,094
Contractholder deposits	2,067	2,352
Contractholder withdrawals	(10,106)	(7,252)
Increase (decrease) in net assets from operations attributable to contractholders	1,205	2,370
Change in net assets attributable to contractholders	(6,834)	(2,530)
Net assets attributable to contractholders - end of year	\$ 31,730	\$ 38,564

2015 Profile Fund 5.15L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,205	\$ 2,370
Adjustments		
Realized (gains) losses	(4,004)	(3,228)
Unrealized (gains) losses	2,282	294
Gross proceeds of disposition of investments	16,226	15,123
Gross payments for the purchase of investments	(7,670)	(9,659)
	<u>8,039</u>	<u>4,900</u>
Financing Activities		
Contractholder deposits	2,067	2,352
Contractholder withdrawals	(10,106)	(7,252)
	<u>(8,039)</u>	<u>(4,900)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

2015 Profile Fund 5.15L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	760	946
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund	3,560	4,488
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund	758	1,110
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	505	634
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Corporate Bond Fund 7.52PIM	2,034	2,386
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Mackenzie Floating Rate Income ETF *	5.10%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.07%	
Loblaw Companies Ltd. 5.90% 01-18-2036	2.01%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1.45%	

*The issuer of this security is a related company to the issuer of the Fund.

2015 Profile Fund 5.15L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Dividend Fund 2.03L	654	1,110
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
EAFE Equity Fund 6.84SAM	424	473
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 3.04MF	451	474
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	495	476
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Fixed Income Fund (S019) 3.99LAK	5,267	6,507
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.54%	
Mackenzie Floating Rate Income ETF *	5.08%	
Province of Ontario 2.25% 12-02-2031	4.62%	
Province of Quebec 3.10% 12-01-2051	2.20%	
Canada Housing Trust No. 1 Floating Rate 09-15-2023	2.10%	

*The issuer of this security is a related company to the issuer of the Fund.

2015 Profile Fund 5.15L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Foreign Equity Fund 3.02MF	891	1,264
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Dividend Fund 8.26SAM	565	631
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Infrastructure Equity Fund 6.70L	472	633
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Duke Energy Corp.	5.33%	
NextEra Energy Inc.	4.46%	
Transurban Group Stapled Security	4.19%	
DTE Energy Co.	3.28%	
Sydney Airport Authority Unit	3.11%	
Global Unconstrained Fund 8.97MF	1,366	1,586
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	
International Bond Fund (S036) 4.04LAK	987	937
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	5.59%	
United States Treasury 1.625% 08-15-2029	4.68%	
United States Treasury 2.875% 04-30-2025	4.37%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.88%	
Government of Spain 2.15% 10-31-2025	2.79%	

*The issuer of this security is a related company to the issuer of the Fund.

2015 Profile Fund 5.15L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Fund 2.52LM	1,014	1,274
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
International Opportunity Fund 2.88JPMF	287	474
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Long Term Bond Fund	796	959
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Ontario 3.45% 06-02-2045	2.86%	
Government of Canada 2.00% 12-01-2051	2.82%	
Province of Ontario 2.90% 06-02-2049	2.77%	
Province of Ontario 2.80% 06-02-2048	2.75%	
Province of Quebec 3.50% 12-01-2048	2.23%	
Mortgage Fund	1,777	2,129
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.49%	
BPP CA Industrial Owner LP (Ontario)	1.91%	
2615985 Ontario Inc.	1.71%	
Government of Canada 2.25% 06-01-2025	1.30%	
Canada Housing Trust No. 1 2.10% 09-15-2029	1.29%	
Real Estate Fund 2.17G	477	905
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	

2015 Profile Fund 5.15L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Return Bond Fund 7.53PIM	1,003	1,071
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	14.56%	
Government of Canada 1.50% 12-01-2044 Real Return	14.11%	
Government of Canada 1.25% 12-01-2047 Real Return	13.11%	
Government of Canada 3.00% 12-01-2036 Real Return	12.95%	
Government of Canada 2.00% 12-01-2041 Real Return	12.80%	
U.S. Dividend Fund 7.76L	310	632
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	6.52%	
Broadcom Inc.	3.24%	
JPMorgan Chase & Co.	3.14%	
Eaton Corp. PLC	2.51%	
Apple Inc.	2.48%	
U.S. Value Equity Fund (S178) 4.11L	426	631
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	25,279	31,730

2015 Profile Fund 5.15L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	1,261,788	1,607,744	1,848,543	2,289,333	2,806,796	29,435	35,705	38,131	42,923	52,170
Individual	51,521	57,426	71,623	98,269	121,171	751	818	974	1,249	1,570
75/75 guarantee policy	5,644	7,938	18,908	8,922	18,773	86	119	269	118	253
75/100 guarantee policy	37,384	41,990	47,514	51,694	60,206	565	621	671	682	810
100/100 guarantee policy	28,703	31,697	34,237	40,017	58,427	426	462	477	522	779
PS1 75/75 guarantee policy	1,424	1,259	1,012	5,917	8,811	21	18	14	74	112
PS1 75/100 guarantee policy	3,297	1,055	6,261	7,307	8,535	48	15	84	91	108
PS1 100/100 guarantee policy	27,962	40,177	5,099	14,641	36,865	398	558	67	181	461
PS2 75/75 guarantee policy	—	14,380	25,356	—	—	—	248	407	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	23.33	22.21	20.63	18.75	18.59	1.12	1.58
Individual	14.57	14.25	13.60	12.71	12.96	0.32	0.65
75/75 guarantee policy	15.32	14.95	14.23	13.26	13.49	0.37	0.72
75/100 guarantee policy	15.12	14.80	14.13	13.20	13.45	0.32	0.67
100/100 guarantee policy	14.85	14.56	13.93	13.04	13.32	0.29	0.63
PS1 75/75 guarantee policy	14.55	14.17	13.45	12.50	12.68	0.38	0.72
PS1 75/100 guarantee policy	14.48	14.10	13.40	12.46	12.64	0.38	0.70
PS1 100/100 guarantee policy	14.24	13.90	13.22	12.32	12.52	0.34	0.68
PS2 75/75 guarantee policy	—	17.27	16.04	—	—	—	1.23

2015 Profile Fund 5.15L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The 2015 Profile Fund 5.15L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2015 Profile Fund 5.15L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2015 Profile Fund 5.15L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2015 Profile Fund 5.15L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

2015 Profile Fund 5.15L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2015 Profile Fund 5.15L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

2015 Profile Fund 5.15L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

2015 Profile Fund 5.15L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

2015 Profile Fund 5.15L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

2015 Profile Fund 5.15L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

2015 Profile Fund 5.15L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Real Estate Fund 2.17G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 3,079	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	84	33
Purchases	—	—
Sales	—	(39)
Settlements	—	—
Transfers into Level 3	—	3,085
Transfers out of Level 3	(3,163)	—
Balance, end of year	\$ —	\$ 3,079
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 33

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$3,085 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$3,163 was transferred on April 19, 2021 from Level 3 to Level 2.

2015 Profile Fund 5.15L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.79	2.78	2.80	2.84	2.86
75/75 guarantee policy	2.52	2.51	2.51	2.71	2.81
75/100 guarantee policy	2.79	2.78	2.80	2.84	2.87
100/100 guarantee policy	3.02	3.01	3.02	3.04	3.02
PS1 75/75 guarantee policy	2.27	2.26	2.28	2.28	2.27
PS1 75/100 guarantee policy	2.31	2.33	2.33	2.33	2.33
PS1 100/100 guarantee policy	2.51	2.47	2.53	2.51	2.50

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	21.41	24.02	7.76	11.37	28.57

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

2020 PROFILE FUND 5.16L

December 31, 2021

Independent Auditor's Report

To the Contractholders of 2020 Profile Fund 5.16L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

2020 Profile Fund 5.16L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	160,710	176,581
Total investments	160,710	176,581
Total assets	\$ 160,710	\$ 176,581
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 160,710	\$ 176,581

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 8,100	\$ 12,724
Miscellaneous income (loss)	—	—
Total income	8,100	12,724
Expenses		
Management fees (note 8)	1,972	2,085
Other	197	210
Total expenses	2,169	2,295
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 5,931	\$ 10,429

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 176,581	\$ 183,000
Contractholder deposits	18,267	11,905
Contractholder withdrawals	(40,069)	(28,753)
Increase (decrease) in net assets from operations attributable to contractholders	5,931	10,429
Change in net assets attributable to contractholders	(15,871)	(6,419)
Net assets attributable to contractholders - end of year	\$ 160,710	\$ 176,581

2020 Profile Fund 5.16L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 5,931	\$ 10,429
Adjustments		
Realized (gains) losses	(14,771)	(12,380)
Unrealized (gains) losses	6,671	(344)
Gross proceeds of disposition of investments	61,784	61,486
Gross payments for the purchase of investments	(37,813)	(42,343)
	<u>21,802</u>	<u>16,848</u>
Financing Activities		
Contractholder deposits	18,267	11,905
Contractholder withdrawals	(40,069)	(28,753)
	<u>(21,802)</u>	<u>(16,848)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

2020 Profile Fund 5.16L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	3,877	4,802
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund	18,331	22,526
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund	3,545	5,672
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	2,589	3,237
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Corporate Bond Fund 7.52PIM	10,536	12,052
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Mackenzie Floating Rate Income ETF *	5.10%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.07%	
Loblaw Companies Ltd. 5.90% 01-18-2036	2.01%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1.45%	

*The issuer of this security is a related company to the issuer of the Fund.

2020 Profile Fund 5.16L
Schedule of Investment Portfolio
(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Dividend Fund 2.03L	3,356	5,667
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
EAFE Equity Fund 6.84SAM	2,164	2,414
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 3.04MF	2,288	2,388
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	2,494	2,405
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Fixed Income Fund (S019) 3.99LAK	27,651	33,041
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.54%	
Mackenzie Floating Rate Income ETF *	5.08%	
Province of Ontario 2.25% 12-02-2031	4.62%	
Province of Quebec 3.10% 12-01-2051	2.20%	
Canada Housing Trust No. 1 Floating Rate 09-15-2023	2.10%	

*The issuer of this security is a related company to the issuer of the Fund.

2020 Profile Fund 5.16L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Foreign Equity Fund 3.02MF	4,356	6,438
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Dividend Fund 8.26SAM	2,885	3,221
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Infrastructure Equity Fund 6.70L	2,488	3,224
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Duke Energy Corp.	5.33%	
NextEra Energy Inc.	4.46%	
Transurban Group Stapled Security	4.19%	
DTE Energy Co.	3.28%	
Sydney Airport Authority Unit	3.11%	
Global Unconstrained Fund 8.97MF	7,124	8,015
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	
International Bond Fund (S036) 4.04LAK	4,968	4,718
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	5.59%	
United States Treasury 1.625% 08-15-2029	4.68%	
United States Treasury 2.875% 04-30-2025	4.37%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.88%	
Government of Spain 2.15% 10-31-2025	2.79%	

*The issuer of this security is a related company to the issuer of the Fund.

2020 Profile Fund 5.16L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Fund 2.52LM	5,384	6,413
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
International Opportunity Fund 2.88JPMF	1,492	2,410
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Long Term Bond Fund	4,214	4,852
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Ontario 3.45% 06-02-2045	2.86%	
Government of Canada 2.00% 12-01-2051	2.82%	
Province of Ontario 2.90% 06-02-2049	2.77%	
Province of Ontario 2.80% 06-02-2048	2.75%	
Province of Quebec 3.50% 12-01-2048	2.23%	
Mortgage Fund	9,193	10,733
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.49%	
BPP CA Industrial Owner LP (Ontario)	1.91%	
2615985 Ontario Inc.	1.71%	
Government of Canada 2.25% 06-01-2025	1.30%	
Canada Housing Trust No. 1 2.10% 09-15-2029	1.29%	
Real Estate Fund 2.17G	2,584	4,604
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	

2020 Profile Fund 5.16L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Return Bond Fund 7.53PIM	5,082	5,423
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	14.56%	
Government of Canada 1.50% 12-01-2044 Real Return	14.11%	
Government of Canada 1.25% 12-01-2047 Real Return	13.11%	
Government of Canada 3.00% 12-01-2036 Real Return	12.95%	
Government of Canada 2.00% 12-01-2041 Real Return	12.80%	
U.S. Dividend Fund 7.76L	1,732	3,228
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	6.52%	
Broadcom Inc.	3.24%	
JPMorgan Chase & Co.	3.14%	
Eaton Corp. PLC	2.51%	
Apple Inc.	2.48%	
U.S. Value Equity Fund (S178) 4.11L	2,011	3,227
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	130,344	160,710

2020 Profile Fund 5.16L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	6,398,432	7,299,911	8,060,910	8,389,898	8,837,824	154,107	167,443	172,000	162,392	169,457
Individual	173,905	194,226	236,773	256,994	317,167	2,559	2,801	3,269	3,313	4,170
75/75 guarantee policy	69,659	85,450	88,354	88,864	95,453	1,107	1,330	1,316	1,235	1,353
75/100 guarantee policy	143,230	220,372	287,029	363,463	372,110	2,257	3,404	4,245	5,019	5,241
100/100 guarantee policy	5,093	5,297	8,888	15,440	20,664	79	81	130	211	288
PS1 75/75 guarantee policy	—	6,859	6,859	12,560	11,431	—	102	97	165	152
PS1 75/100 guarantee policy	29,002	85,447	120,716	110,852	120,696	439	1,261	1,696	1,447	1,598
PS1 100/100 guarantee policy	4,333	4,333	11,571	8,042	2,960	64	63	161	104	39
PS2 75/75 guarantee policy	4,254	4,391	4,491	5,913	—	82	80	76	91	—
PS 75/100 guarantee policy	1,424	1,441	897	—	—	16	16	10	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	24.09	22.94	21.34	19.36	19.17	1.15	1.60
Individual	14.71	14.42	13.81	12.89	13.15	0.29	0.61
75/75 guarantee policy	15.89	15.57	14.90	13.90	14.17	0.32	0.67
75/100 guarantee policy	15.76	15.45	14.79	13.81	14.08	0.31	0.66
100/100 guarantee policy	15.51	15.22	14.60	13.66	13.95	0.29	0.62
PS1 75/75 guarantee policy	—	14.82	14.11	13.10	13.28	—	0.71
PS1 75/100 guarantee policy	15.13	14.75	14.05	13.05	13.24	0.38	0.70
PS1 100/100 guarantee policy	14.88	14.54	13.87	12.91	13.12	0.34	0.67
PS2 75/75 guarantee policy	19.16	18.24	16.96	15.38	—	0.92	1.28
PS 75/100 guarantee policy	11.57	11.22	10.62	—	—	0.35	0.60

2020 Profile Fund 5.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The 2020 Profile Fund 5.16L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2020 Profile Fund 5.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

2020 Profile Fund 5.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2020 Profile Fund 5.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

2020 Profile Fund 5.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

2020 Profile Fund 5.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

2020 Profile Fund 5.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as “Due from (to) The Canada Life Assurance Company” represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

2020 Profile Fund 5.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

2020 Profile Fund 5.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Real Estate Fund 2.17G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 13,595	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	371	147
Purchases	—	—
Sales	—	(86)
Settlements	—	—
Transfers into Level 3	—	13,534
Transfers out of Level 3	(13,966)	—
Balance, end of year	\$ —	\$ 13,595
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 146

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$13,534 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$13,966 was transferred on April 19, 2021 from Level 3 to Level 2.

2020 Profile Fund 5.16L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.93	2.93	2.93	2.96	2.97
75/75 guarantee policy	2.89	2.89	2.89	2.91	2.92
75/100 guarantee policy	2.94	2.93	2.93	2.96	2.97
100/100 guarantee policy	3.10	3.10	3.10	3.13	3.15
PS1 75/75 guarantee policy	—	2.36	2.36	2.37	2.39
PS1 75/100 guarantee policy	2.43	2.41	2.42	2.43	2.44
PS1 100/100 guarantee policy	2.58	2.59	2.58	2.59	2.61
PS 75/100 guarantee policy	1.81	1.81	1.80	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	22.52	23.93	10.83	21.52	26.91

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

2025 PROFILE FUND 5.17L

December 31, 2021

Independent Auditor's Report

To the Contractholders of 2025 Profile Fund 5.17L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

2025 Profile Fund 5.17L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	332,541	308,852
Total investments	332,541	308,852
Total assets	\$ 332,541	\$ 308,852
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 332,541	\$ 308,852

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 24,374	\$ 23,051
Miscellaneous income (loss)	—	—
Total income	24,374	23,051
Expenses		
Management fees (note 8)	3,438	3,154
Other	356	327
Total expenses	3,794	3,481
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 20,580	\$ 19,570

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 308,852	\$ 291,500
Contractholder deposits	39,062	19,820
Contractholder withdrawals	(35,953)	(22,038)
Increase (decrease) in net assets from operations attributable to contractholders	20,580	19,570
Change in net assets attributable to contractholders	23,689	17,352
Net assets attributable to contractholders - end of year	\$ 332,541	\$ 308,852

2025 Profile Fund 5.17L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 20,580	\$ 19,570
Adjustments		
Realized (gains) losses	(22,128)	(20,444)
Unrealized (gains) losses	(2,246)	(2,607)
Gross proceeds of disposition of investments	98,417	99,778
Gross payments for the purchase of investments	(97,732)	(94,079)
	(3,109)	2,218
Financing Activities		
Contractholder deposits	39,062	19,820
Contractholder withdrawals	(35,953)	(22,038)
	3,109	(2,218)
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	\$ —	\$ —

2025 Profile Fund 5.17L
Schedule of Investment Portfolio
(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	8,909	13,409
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund	26,187	30,962
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund	6,361	10,455
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	7,547	9,900
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Corporate Bond Fund 7.52PIM	15,003	16,870
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Mackenzie Floating Rate Income ETF *	5.10%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.07%	
Loblaw Companies Ltd. 5.90% 01-18-2036	2.01%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1.45%	

*The issuer of this security is a related company to the issuer of the Fund.

2025 Profile Fund 5.17L
Schedule of Investment Portfolio
(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Dividend Fund 2.03L	7,863	12,126
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
EAFE Equity Fund 6.84SAM	4,977	7,066
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 3.04MF	6,655	7,018
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	7,117	6,886
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Fixed Income Fund (S019) 3.99LAK	54,801	62,367
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.54%	
Mackenzie Floating Rate Income ETF *	5.08%	
Province of Ontario 2.25% 12-02-2031	4.62%	
Province of Quebec 3.10% 12-01-2051	2.20%	
Canada Housing Trust No. 1 Floating Rate 09-15-2023	2.10%	

*The issuer of this security is a related company to the issuer of the Fund.

2025 Profile Fund 5.17L
Schedule of Investment Portfolio
(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Foreign Equity Fund 3.02MF	11,197	17,970
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Dividend Fund 8.26SAM	9,064	10,137
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Equity Fund 2.05L	259	494
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.88%	
Amazon.com Inc.	3.86%	
Apple Inc.	3.19%	
NRG Energy Inc.	2.69%	
Adobe Inc.	2.17%	
Global Infrastructure Equity Fund 6.70L	6,676	7,913
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Duke Energy Corp.	5.33%	
NextEra Energy Inc.	4.46%	
Transurban Group Stapled Security	4.19%	
DTE Energy Co.	3.28%	
Sydney Airport Authority Unit	3.11%	
Global Small Cap Growth Fund 8.98MF	569	670
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Wabtec Corp.	2.21%	
Motorola Solutions Inc.	2.21%	

2025 Profile Fund 5.17L
Schedule of Investment Portfolio
(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Unconstrained Fund 8.97MF	11,106	11,714
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	
Growth Equity Fund 2.04L	8,373	9,757
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
International Bond Fund (S036) 4.04LAK	8,139	7,802
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	5.59%	
United States Treasury 1.625% 08-15-2029	4.68%	
United States Treasury 2.875% 04-30-2025	4.37%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.88%	
Government of Spain 2.15% 10-31-2025	2.79%	
International Bond Fund 2.52LM	9,890	11,092
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
International Opportunity Fund 2.88JPMF	4,183	6,988
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	

*The issuer of this security is a related company to the issuer of the Fund.

2025 Profile Fund 5.17L
Schedule of Investment Portfolio
(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Long Term Bond Fund	7,261	7,851
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Ontario 3.45% 06-02-2045	2.86%	
Government of Canada 2.00% 12-01-2051	2.82%	
Province of Ontario 2.90% 06-02-2049	2.77%	
Province of Ontario 2.80% 06-02-2048	2.75%	
Province of Quebec 3.50% 12-01-2048	2.23%	
Mid Cap Canada Fund 2.16G	281	501
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Kinaxis Inc.	5.47%	
Aritzia Inc.	4.53%	
Tecsys Inc.	4.13%	
Hardwoods Distribution Inc.	4.00%	
Boralex Inc. Class A	3.56%	
Mortgage Fund	15,247	17,284
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.49%	
BPP CA Industrial Owner LP (Ontario)	1.91%	
2615985 Ontario Inc.	1.71%	
Government of Canada 2.25% 06-01-2025	1.30%	
Canada Housing Trust No. 1 2.10% 09-15-2029	1.29%	
Real Estate Fund 2.17G	9,669	16,158
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	
Real Return Bond Fund 7.53PIM	8,266	8,832
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	14.56%	
Government of Canada 1.50% 12-01-2044 Real Return	14.11%	
Government of Canada 1.25% 12-01-2047 Real Return	13.11%	
Government of Canada 3.00% 12-01-2036 Real Return	12.95%	
Government of Canada 2.00% 12-01-2041 Real Return	12.80%	

2025 Profile Fund 5.17L
Schedule of Investment Portfolio
(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Dividend Fund 7.76L	5,882	8,995
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	6.52%	
Broadcom Inc.	3.24%	
JPMorgan Chase & Co.	3.14%	
Eaton Corp. PLC	2.51%	
Apple Inc.	2.48%	
U.S. Equity Fund	757	1,004
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Equity Fund (S178) 4.11L	6,407	10,320
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	268,646	332,541

2025 Profile Fund 5.17L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	12,527,922	12,497,863	12,694,465	12,367,130	11,869,643	324,653	300,524	282,238	246,642	237,214
Individual	128,397	156,980	181,032	251,231	258,853	2,002	2,340	2,572	3,299	3,511
75/75 guarantee policy	56,260	68,354	98,160	141,002	141,938	972	1,129	1,544	2,050	2,130
75/100 guarantee policy	208,792	231,619	259,206	272,805	264,912	3,563	3,780	4,031	3,922	3,934
100/100 guarantee policy	33,382	36,321	37,103	40,339	41,538	556	581	565	569	606
PS1 75/75 guarantee policy	14,046	14,801	14,920	12,180	25,750	232	232	222	166	361
PS1 75/100 guarantee policy	14,427	9,388	10,581	22,445	39,273	237	146	157	305	549
PS1 100/100 guarantee policy	19,446	7,832	11,822	3,990	—	312	120	171	53	—
PS 75/100 guarantee policy	1,187	—	—	—	—	14	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	25.91	24.05	22.23	19.94	19.98	1.86	1.82
Individual	15.59	14.91	14.20	13.13	13.56	0.68	0.71
75/75 guarantee policy	17.29	16.52	15.73	14.54	15.01	0.77	0.79
75/100 guarantee policy	17.07	16.32	15.55	14.38	14.85	0.75	0.77
100/100 guarantee policy	16.67	15.96	15.23	14.10	14.59	0.71	0.73
PS1 75/75 guarantee policy	16.51	15.70	14.87	13.67	14.04	0.81	0.83
PS1 75/100 guarantee policy	16.39	15.60	14.78	13.60	13.97	0.79	0.82
PS1 100/100 guarantee policy	16.02	15.27	14.50	13.36	—	0.75	0.77
PS 75/100 guarantee policy	11.83	—	—	—	—	0.65	—

2025 Profile Fund 5.17L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The 2025 Profile Fund 5.17L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2025 Profile Fund 5.17L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2025 Profile Fund 5.17L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

2025 Profile Fund 5.17L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2025 Profile Fund 5.17L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

2025 Profile Fund 5.17L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

2025 Profile Fund 5.17L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

2025 Profile Fund 5.17L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as “Due from (to) The Canada Life Assurance Company” represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

2025 Profile Fund 5.17L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

2025 Profile Fund 5.17L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Real Estate Fund 2.17G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 21,343	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	583	231
Purchases	—	—
Sales	—	(159)
Settlements	—	—
Transfers into Level 3	—	21,271
Transfers out of Level 3	(21,926)	—
Balance, end of year	\$ —	\$ 21,343
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 230

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$21,271 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$21,926 was transferred on April 19, 2021 from Level 3 to Level 2.

2025 Profile Fund 5.17L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.06	3.06	3.06	3.07	3.06
75/75 guarantee policy	3.01	3.01	3.00	3.01	3.00
75/100 guarantee policy	3.06	3.06	3.06	3.07	3.06
100/100 guarantee policy	3.22	3.22	3.22	3.23	3.22
PS1 75/75 guarantee policy	2.49	2.48	2.48	2.50	2.48
PS1 75/100 guarantee policy	2.54	2.54	2.54	2.55	2.54
PS1 100/100 guarantee policy	2.70	2.71	2.70	2.70	—
PS 75/100 guarantee policy	1.93	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	30.39	32.20	13.15	16.34	21.34

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

2030 PROFILE FUND 5.18L

December 31, 2021

Independent Auditor's Report

To the Contractholders of 2030 Profile Fund 5.18L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

2030 Profile Fund 5.18L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	364,759	313,638
Total investments	364,759	313,638
Total assets	\$ 364,759	\$ 313,638
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 364,759	\$ 313,638

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 37,234	\$ 26,312
Miscellaneous income (loss)	—	—
Total income	37,234	26,312
Expenses		
Management fees (note 8)	3,662	3,158
Other	364	316
Total expenses	4,026	3,474
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 33,208	\$ 22,838

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 313,638	\$ 281,323
Contractholder deposits	49,733	29,904
Contractholder withdrawals	(31,820)	(20,427)
Increase (decrease) in net assets from operations attributable to contractholders	33,208	22,838
Change in net assets attributable to contractholders	51,121	32,315
Net assets attributable to contractholders - end of year	\$ 364,759	\$ 313,638

2030 Profile Fund 5.18L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 33,208	\$ 22,838
Adjustments		
Realized (gains) losses	(21,551)	(20,325)
Unrealized (gains) losses	(15,683)	(5,987)
Gross proceeds of disposition of investments	92,976	96,736
Gross payments for the purchase of investments	(106,863)	(102,739)
	(17,913)	(9,477)
Financing Activities		
Contractholder deposits	49,733	29,904
Contractholder withdrawals	(31,820)	(20,427)
	17,913	9,477
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	\$ —	\$ —

2030 Profile Fund 5.18L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	8,796	15,581
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund	21,936	25,476
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund	8,912	14,890
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	8,619	11,307
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Corporate Bond Fund 7.52PIM	7,993	9,086
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Mackenzie Floating Rate Income ETF *	5.10%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.07%	
Loblaw Companies Ltd. 5.90% 01-18-2036	2.01%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1.45%	

*The issuer of this security is a related company to the issuer of the Fund.

2030 Profile Fund 5.18L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Dividend Fund 2.03L	11,292	16,372
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
EAFE Equity Fund 6.84SAM	9,023	13,274
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 3.04MF	10,519	10,406
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	10,068	10,260
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Fixed Income Fund (S019) 3.99LAK	45,162	51,089
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.54%	
Mackenzie Floating Rate Income ETF *	5.08%	
Province of Ontario 2.25% 12-02-2031	4.62%	
Province of Quebec 3.10% 12-01-2051	2.20%	
Canada Housing Trust No. 1 Floating Rate 09-15-2023	2.10%	

*The issuer of this security is a related company to the issuer of the Fund.

2030 Profile Fund 5.18L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Foreign Equity Fund 3.02MF	6,618	11,219
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Dividend Fund 8.26SAM	11,745	13,159
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Equity Fund 2.05L	3,634	7,396
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.88%	
Amazon.com Inc.	3.86%	
Apple Inc.	3.19%	
NRG Energy Inc.	2.69%	
Adobe Inc.	2.17%	
Global Small Cap Growth Fund 8.98MF	9,725	11,337
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Wabtec Corp.	2.21%	
Motorola Solutions Inc.	2.21%	
Growth Equity Fund 2.04L	9,573	11,157
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	

2030 Profile Fund 5.18L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Fund 2.52LM	17,866	19,043
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
International Opportunity Fund 2.88JPMF	8,146	13,395
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Long Term Bond Fund	4,870	5,155
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Ontario 3.45% 06-02-2045	2.86%	
Government of Canada 2.00% 12-01-2051	2.82%	
Province of Ontario 2.90% 06-02-2049	2.77%	
Province of Ontario 2.80% 06-02-2048	2.75%	
Province of Quebec 3.50% 12-01-2048	2.23%	
Mid Cap Canada Fund 2.16G	5,396	9,269
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Kinaxis Inc.	5.47%	
Aritzia Inc.	4.53%	
Tecsys Inc.	4.13%	
Hardwoods Distribution Inc.	4.00%	
Boralex Inc. Class A	3.56%	
Mortgage Fund	11,354	12,666
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.49%	
BPP CA Industrial Owner LP (Ontario)	1.91%	
2615985 Ontario Inc.	1.71%	
Government of Canada 2.25% 06-01-2025	1.30%	
Canada Housing Trust No. 1 2.10% 09-15-2029	1.29%	

2030 Profile Fund 5.18L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Natural Resource Fund 2.12MX	476	742
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.76%	
West Fraser Timber Co. Ltd.	4.83%	
Tourmaline Oil Corp.	4.16%	
ARC Resources Ltd.	4.13%	
Royal Dutch Shell PLC Class A ADR	3.85%	
Real Estate Fund 2.17G	16,918	26,290
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	
Real Return Bond Fund 7.53PIM	6,008	6,423
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	14.56%	
Government of Canada 1.50% 12-01-2044 Real Return	14.11%	
Government of Canada 1.25% 12-01-2047 Real Return	13.11%	
Government of Canada 3.00% 12-01-2036 Real Return	12.95%	
Government of Canada 2.00% 12-01-2041 Real Return	12.80%	
U.S. Equity Fund	13,005	17,257
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Equity Fund (S178) 4.11L	13,894	22,510
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	281,548	364,759

2030 Profile Fund 5.18L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	12,740,131	12,149,768	11,883,340	11,491,929	11,174,733	356,417	304,701	272,736	234,114	230,766
Individual	123,148	126,539	134,847	152,896	145,075	2,049	1,946	1,957	2,030	2,014
75/75 guarantee policy	120,753	136,557	135,571	149,266	159,575	2,286	2,387	2,233	2,247	2,509
75/100 guarantee policy	171,929	198,609	206,272	243,562	240,137	3,198	3,414	3,346	3,615	3,726
100/100 guarantee policy	9,219	11,600	17,784	21,591	24,257	164	192	278	310	365
PS1 75/75 guarantee policy	4,729	5,077	5,465	5,968	20,846	86	84	85	85	306
PS1 75/100 guarantee policy	26,144	45,669	33,878	22,281	31,494	468	752	523	314	461
PS1 100/100 guarantee policy	5,263	5,453	5,758	3,288	1,149	91	87	86	45	16
PS 75/75 guarantee policy	—	—	837	845	—	—	—	9	8	—
PPS 75/100 guarantee policy	—	6,581	6,651	6,720	—	—	75	70	64	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	27.98	25.08	22.95	20.37	20.65	2.90	2.13
Individual	16.64	15.38	14.51	13.28	13.88	1.26	0.87
75/75 guarantee policy	18.93	17.48	16.47	15.06	15.72	1.45	1.01
75/100 guarantee policy	18.60	17.19	16.22	14.84	15.52	1.41	0.97
100/100 guarantee policy	17.80	16.51	15.64	14.36	15.07	1.29	0.87
PS1 75/75 guarantee policy	18.07	16.60	15.56	14.15	14.70	1.47	1.04
PS1 75/100 guarantee policy	17.91	16.47	15.46	14.07	14.63	1.44	1.01
PS1 100/100 guarantee policy	17.24	15.92	15.00	13.71	14.31	1.32	0.92
PS 75/75 guarantee policy	—	—	10.48	9.47	—	—	—
PPS 75/100 guarantee policy	—	11.36	10.54	9.49	—	—	0.82

2030 Profile Fund 5.18L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The 2030 Profile Fund 5.18L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2030 Profile Fund 5.18L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

2030 Profile Fund 5.18L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

2030 Profile Fund 5.18L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

2030 Profile Fund 5.18L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

2030 Profile Fund 5.18L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as “Due from (to) The Canada Life Assurance Company” represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

2030 Profile Fund 5.18L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

2030 Profile Fund 5.18L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Real Estate Fund 2.17G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 20,461	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	559	222
Purchases	—	—
Sales	—	(122)
Settlements	—	—
Transfers into Level 3	—	20,361
Transfers out of Level 3	(21,020)	—
Balance, end of year	\$ —	\$ 20,461
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 223

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$20,361 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$21,020 was transferred on April 19, 2021 from Level 3 to Level 2.

2030 Profile Fund 5.18L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.10	3.10	3.10	3.11	3.12
75/75 guarantee policy	2.99	2.99	2.98	3.00	3.00
75/100 guarantee policy	3.10	3.10	3.10	3.11	3.12
100/100 guarantee policy	3.48	3.47	3.47	3.48	3.49
PS1 75/75 guarantee policy	2.48	2.47	2.47	2.49	2.49
PS1 75/100 guarantee policy	2.59	2.58	2.58	2.59	2.59
PS1 100/100 guarantee policy	2.98	2.98	2.97	2.97	2.98
PS 75/75 guarantee policy	—	—	1.85	1.86	—
PPS 75/100 guarantee policy	—	1.46	1.45	1.45	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	27.43	33.74	10.42	20.54	21.50

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

2035 PROFILE FUND 5.19L

December 31, 2021

Independent Auditor's Report

To the Contractholders of 2035 Profile Fund 5.19L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

2035 Profile Fund 5.19L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	363,065	299,551
Total investments	363,065	299,551
Total assets	\$ 363,065	\$ 299,551
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 363,065	\$ 299,551

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 46,942	\$ 27,939
Miscellaneous income (loss)	—	—
Total income	46,942	27,939
Expenses		
Management fees (note 8)	3,612	2,951
Other	358	295
Total expenses	3,970	3,246
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 42,972	\$ 24,693

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 299,551	\$ 254,146
Contractholder deposits	50,491	38,108
Contractholder withdrawals	(29,949)	(17,396)
Increase (decrease) in net assets from operations attributable to contractholders	42,972	24,693
Change in net assets attributable to contractholders	63,514	45,405
Net assets attributable to contractholders - end of year	\$ 363,065	\$ 299,551

2035 Profile Fund 5.19L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 42,972	\$ 24,693
Adjustments		
Realized (gains) losses	(22,613)	(18,390)
Unrealized (gains) losses	(24,329)	(9,549)
Gross proceeds of disposition of investments	97,349	88,987
Gross payments for the purchase of investments	(113,921)	(106,453)
	(20,542)	(20,712)
Financing Activities		
Contractholder deposits	50,491	38,108
Contractholder withdrawals	(29,949)	(17,396)
	20,542	20,712
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	\$ —	\$ —

2035 Profile Fund 5.19L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	11,934	22,879
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund	13,523	15,192
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund	8,950	14,833
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	15,940	20,016
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Corporate Bond Fund 7.52PIM	356	361
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Mackenzie Floating Rate Income ETF *	5.10%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.07%	
Loblaw Companies Ltd. 5.90% 01-18-2036	2.01%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1.45%	

*The issuer of this security is a related company to the issuer of the Fund.

2035 Profile Fund 5.19L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Dividend Fund 2.03L	9,621	13,541
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
EAFE Equity Fund 6.84SAM	11,445	16,100
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 3.04MF	12,401	13,031
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	12,284	12,917
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Fixed Income Fund (S019) 3.99LAK	26,896	30,177
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.54%	
Mackenzie Floating Rate Income ETF *	5.08%	
Province of Ontario 2.25% 12-02-2031	4.62%	
Province of Quebec 3.10% 12-01-2051	2.20%	
Canada Housing Trust No. 1 Floating Rate 09-15-2023	2.10%	

*The issuer of this security is a related company to the issuer of the Fund.

2035 Profile Fund 5.19L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Foreign Equity Fund 3.02MF	6,945	11,127
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Dividend Fund 8.26SAM	11,560	12,859
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Equity Fund 2.05L	4,450	8,801
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.88%	
Amazon.com Inc.	3.86%	
Apple Inc.	3.19%	
NRG Energy Inc.	2.69%	
Adobe Inc.	2.17%	
Global Small Cap Growth Fund 8.98MF	11,786	14,001
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Wabtec Corp.	2.21%	
Motorola Solutions Inc.	2.21%	
Growth Equity Fund 2.04L	16,379	20,045
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	

2035 Profile Fund 5.19L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Fund 2.52LM	9,121	9,825
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
International Opportunity Fund 2.88JPMF	12,345	18,800
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Long Term Bond Fund	173	183
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Ontario 3.45% 06-02-2045	2.86%	
Government of Canada 2.00% 12-01-2051	2.82%	
Province of Ontario 2.90% 06-02-2049	2.77%	
Province of Ontario 2.80% 06-02-2048	2.75%	
Province of Quebec 3.50% 12-01-2048	2.23%	
Mid Cap Canada Fund 2.16G	6,539	10,723
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Kinaxis Inc.	5.47%	
Aritzia Inc.	4.53%	
Tecsys Inc.	4.13%	
Hardwoods Distribution Inc.	4.00%	
Boralex Inc. Class A	3.56%	
Mortgage Fund	5,756	6,296
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.49%	
BPP CA Industrial Owner LP (Ontario)	1.91%	
2615985 Ontario Inc.	1.71%	
Government of Canada 2.25% 06-01-2025	1.30%	
Canada Housing Trust No. 1 2.10% 09-15-2029	1.29%	

2035 Profile Fund 5.19L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Natural Resource Fund 2.12MX	4,929	7,755
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.76%	
West Fraser Timber Co. Ltd.	4.83%	
Tourmaline Oil Corp.	4.16%	
ARC Resources Ltd.	4.13%	
Royal Dutch Shell PLC Class A ADR	3.85%	
Real Estate Fund 2.17G	25,743	34,486
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	
Real Return Bond Fund 7.53PIM	3,073	3,279
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	14.56%	
Government of Canada 1.50% 12-01-2044 Real Return	14.11%	
Government of Canada 1.25% 12-01-2047 Real Return	13.11%	
Government of Canada 3.00% 12-01-2036 Real Return	12.95%	
Government of Canada 2.00% 12-01-2041 Real Return	12.80%	
U.S. Equity Fund	17,113	22,723
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Equity Fund (S178) 4.11L	14,555	23,115
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	273,817	363,065

2035 Profile Fund 5.19L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	11,937,233	11,323,579	10,572,771	9,996,892	9,685,755	356,898	293,896	248,677	206,890	205,057
Individual	91,009	90,599	94,813	96,680	102,872	1,608	1,432	1,400	1,295	1,453
75/75 guarantee policy	53,319	54,867	56,401	61,027	59,542	1,082	996	956	937	964
75/100 guarantee policy	129,482	149,636	154,864	170,291	146,139	2,611	2,700	2,611	2,603	2,356
100/100 guarantee policy	7,955	4,250	4,933	4,513	3,167	154	74	80	67	50
PS1 75/75 guarantee policy	24,767	26,036	26,036	30,588	27,835	482	451	419	444	424
PS1 75/100 guarantee policy	11,863	145	222	1,379	35,299	230	2	3	20	535

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	29.90	25.95	23.52	20.70	21.17	3.95	2.43
Individual	17.67	15.81	14.77	13.39	14.13	1.86	1.04
75/75 guarantee policy	20.29	18.15	16.94	15.36	16.19	2.14	1.21
75/100 guarantee policy	20.17	18.05	16.86	15.29	16.13	2.12	1.19
100/100 guarantee policy	19.32	17.35	16.27	14.81	15.68	1.97	1.08
PS1 75/75 guarantee policy	19.47	17.33	16.09	14.51	15.22	2.14	1.24
PS1 75/100 guarantee policy	19.36	17.24	16.01	14.45	15.16	2.12	1.23

2035 Profile Fund 5.19L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The 2035 Profile Fund 5.19L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2035 Profile Fund 5.19L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2035 Profile Fund 5.19L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2035 Profile Fund 5.19L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

2035 Profile Fund 5.19L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2035 Profile Fund 5.19L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

2035 Profile Fund 5.19L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

2035 Profile Fund 5.19L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

2035 Profile Fund 5.19L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

2035 Profile Fund 5.19L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

2035 Profile Fund 5.19L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Real Estate Fund 2.17G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 18,754	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	512	203
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	18,551
Transfers out of Level 3	(19,266)	—
Balance, end of year	\$ —	\$ 18,754
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 203

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$18,551 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$19,266 was transferred on April 19, 2021 from Level 3 to Level 2.

2035 Profile Fund 5.19L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.08	3.08	3.08	3.10	3.09
75/75 guarantee policy	3.04	3.04	3.03	3.05	3.04
75/100 guarantee policy	3.09	3.08	3.08	3.09	3.08
100/100 guarantee policy	3.44	3.45	3.45	3.46	3.44
PS1 75/75 guarantee policy	2.52	2.51	2.51	2.52	2.49
PS1 75/100 guarantee policy	2.58	2.57	2.56	2.59	2.56

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	29.32	33.51	9.66	21.19	20.68

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

2040 PROFILE FUND 5.20L

December 31, 2021

Independent Auditor's Report

To the Contractholders of 2040 Profile Fund 5.20L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

2040 Profile Fund 5.20L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	332,864	260,557
Total investments	332,864	260,557
Total assets	\$ 332,864	\$ 260,557
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 332,864	\$ 260,557

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 50,958	\$ 26,541
Miscellaneous income (loss)	—	—
Total income	50,958	26,541
Expenses		
Management fees (note 8)	3,207	2,502
Other	314	246
Total expenses	3,521	2,748
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 47,437	\$ 23,793

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 260,557	\$ 219,237
Contractholder deposits	51,132	33,808
Contractholder withdrawals	(26,262)	(16,281)
Increase (decrease) in net assets from operations attributable to contractholders	47,437	23,793
Change in net assets attributable to contractholders	72,307	41,320
Net assets attributable to contractholders - end of year	\$ 332,864	\$ 260,557

2040 Profile Fund 5.20L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 47,437	\$ 23,793
Adjustments		
Realized (gains) losses	(20,474)	(16,117)
Unrealized (gains) losses	(30,484)	(10,424)
Gross proceeds of disposition of investments	94,598	86,558
Gross payments for the purchase of investments	(115,947)	(101,337)
	(24,870)	(17,527)
Financing Activities		
Contractholder deposits	51,132	33,808
Contractholder withdrawals	(26,262)	(16,281)
	24,870	17,527
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	\$ —	\$ —

2040 Profile Fund 5.20L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	15,585	28,429
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund	2,443	2,495
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund	8,268	13,368
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	19,830	24,813
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Dividend Fund 2.03L	6,947	9,030
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	

*The issuer of this security is a related company to the issuer of the Fund.

2040 Profile Fund 5.20L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
EAFE Equity Fund 6.84SAM	13,086	17,723
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 3.04MF	13,812	14,447
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	12,777	14,353
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Fixed Income Fund (S019) 3.99LAK	4,498	4,817
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.54%	
Mackenzie Floating Rate Income ETF *	5.08%	
Province of Ontario 2.25% 12-02-2031	4.62%	
Province of Quebec 3.10% 12-01-2051	2.20%	
Canada Housing Trust No. 1 Floating Rate 09-15-2023	2.10%	
Foreign Equity Fund 3.02MF	6,580	10,011
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	

*The issuer of this security is a related company to the issuer of the Fund.

2040 Profile Fund 5.20L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Dividend Fund 8.26SAM	8,392	9,243
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Equity Fund 2.05L	5,025	9,568
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.88%	
Amazon.com Inc.	3.86%	
Apple Inc.	3.19%	
NRG Energy Inc.	2.69%	
Adobe Inc.	2.17%	
Global Small Cap Growth Fund 8.98MF	13,229	15,968
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Wabtec Corp.	2.21%	
Motorola Solutions Inc.	2.21%	
Growth Equity Fund 2.04L	20,331	24,811
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
International Bond Fund 2.52LM	1,587	1,645
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	

2040 Profile Fund 5.20L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Opportunity Fund 2.88JPMF	16,750	23,654
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Mid Cap Canada Fund 2.16G	9,527	15,341
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Kinaxis Inc.	5.47%	
Aritzia Inc.	4.53%	
Tecsys Inc.	4.13%	
Hardwoods Distribution Inc.	4.00%	
Boralex Inc. Class A	3.56%	
Mortgage Fund	823	827
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.49%	
BPP CA Industrial Owner LP (Ontario)	1.91%	
2615985 Ontario Inc.	1.71%	
Government of Canada 2.25% 06-01-2025	1.30%	
Canada Housing Trust No. 1 2.10% 09-15-2029	1.29%	
Natural Resource Fund 2.12MX	7,746	12,484
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.76%	
West Fraser Timber Co. Ltd.	4.83%	
Tourmaline Oil Corp.	4.16%	
ARC Resources Ltd.	4.13%	
Royal Dutch Shell PLC Class A ADR	3.85%	
Real Estate Fund 2.17G	24,028	31,634
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	

2040 Profile Fund 5.20L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Return Bond Fund 7.53PIM	483	505
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	14.56%	
Government of Canada 1.50% 12-01-2044 Real Return	14.11%	
Government of Canada 1.25% 12-01-2047 Real Return	13.11%	
Government of Canada 3.00% 12-01-2036 Real Return	12.95%	
Government of Canada 2.00% 12-01-2041 Real Return	12.80%	
U.S. Equity Fund	19,516	25,944
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Equity Fund (S178) 4.11L	14,043	21,754
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	245,306	332,864

2040 Profile Fund 5.20L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	10,449,344	9,697,948	9,083,147	8,409,571	8,074,624	328,614	256,738	215,891	174,537	172,938
Individual	69,576	68,876	56,081	59,363	65,795	1,285	1,104	832	793	935
75/75 guarantee policy	41,084	46,736	49,490	54,479	47,324	892	880	862	853	788
75/100 guarantee policy	68,828	76,815	75,016	65,313	44,800	1,476	1,430	1,293	1,014	740
100/100 guarantee policy	2,831	5,198	5,529	5,636	3,561	58	93	92	85	57
PS1 75/75 guarantee policy	10,502	2,246	982	—	—	219	40	16	—	—
PS1 75/100 guarantee policy	15,530	15,275	15,275	15,311	14,826	320	272	251	225	231

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	31.45	26.47	23.77	20.75	21.42	4.98	2.70
Individual	18.46	16.03	14.84	13.36	14.22	2.43	1.19
75/75 guarantee policy	21.71	18.83	17.41	15.67	16.65	2.88	1.42
75/100 guarantee policy	21.44	18.61	17.23	15.52	16.51	2.83	1.38
100/100 guarantee policy	20.54	17.90	16.63	15.03	16.06	2.64	1.27
PS1 75/75 guarantee policy	20.84	17.98	16.55	—	—	2.86	1.43
PS1 75/100 guarantee policy	20.62	17.81	16.41	14.70	15.56	2.81	1.40

2040 Profile Fund 5.20L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The 2040 Profile Fund 5.20L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2040 Profile Fund 5.20L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2040 Profile Fund 5.20L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

2040 Profile Fund 5.20L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2040 Profile Fund 5.20L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

2040 Profile Fund 5.20L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

2040 Profile Fund 5.20L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

2040 Profile Fund 5.20L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as “Due from (to) The Canada Life Assurance Company” represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

2040 Profile Fund 5.20L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

2040 Profile Fund 5.20L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Real Estate Fund 2.17G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 16,554	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	452	179
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	16,375
Transfers out of Level 3	(17,006)	—
Balance, end of year	\$ —	\$ 16,554
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 179

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$16,375 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$17,006 was transferred on April 19, 2021 from Level 3 to Level 2.

2040 Profile Fund 5.20L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.12	3.12	3.12	3.12	3.09
75/75 guarantee policy	3.03	3.02	3.02	3.01	2.99
75/100 guarantee policy	3.13	3.12	3.12	3.11	3.09
100/100 guarantee policy	3.52	3.50	3.50	3.48	3.46
PS1 75/75 guarantee policy	2.51	2.49	2.49	—	—
PS1 75/100 guarantee policy	2.62	2.61	2.60	2.60	2.57

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	31.82	37.87	8.74	22.33	20.18

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

2045 PROFILE FUND 5.21L

December 31, 2021

Independent Auditor's Report

To the Contractholders of 2045 Profile Fund 5.21L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

2045 Profile Fund 5.21L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	322,828	245,369
Total investments	322,828	245,369
Total assets	\$ 322,828	\$ 245,369
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 322,828	\$ 245,369

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 49,689	\$ 25,842
Miscellaneous income (loss)	—	—
Total income	49,689	25,842
Expenses		
Management fees (note 8)	2,990	2,272
Other	289	222
Total expenses	3,279	2,494
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 46,410	\$ 23,348

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 245,369	\$ 200,756
Contractholder deposits	55,906	37,418
Contractholder withdrawals	(24,857)	(16,153)
Increase (decrease) in net assets from operations attributable to contractholders	46,410	23,348
Change in net assets attributable to contractholders	77,459	44,613
Net assets attributable to contractholders - end of year	\$ 322,828	\$ 245,369

2045 Profile Fund 5.21L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 46,410	\$ 23,348
Adjustments		
Realized (gains) losses	(15,836)	(12,806)
Unrealized (gains) losses	(33,853)	(13,036)
Gross proceeds of disposition of investments	73,283	71,635
Gross payments for the purchase of investments	(101,053)	(90,406)
	(31,049)	(21,265)
Financing Activities		
Contractholder deposits	55,906	37,418
Contractholder withdrawals	(24,857)	(16,153)
	31,049	21,265
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	\$ —	\$ —

2045 Profile Fund 5.21L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	14,804	29,018
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Canadian Equity Fund	8,167	12,997
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	19,964	25,013
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Dividend Fund 2.03L	6,377	8,099
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
EAFE Equity Fund 6.84SAM	13,644	17,779
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	

*The issuer of this security is a related company to the issuer of the Fund.

2045 Profile Fund 5.21L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Emerging Markets Fund 3.04MF	13,664	14,284
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	11,958	14,335
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Fixed Income Fund (S019) 3.99LAK	1,461	1,605
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.54%	
Mackenzie Floating Rate Income ETF *	5.08%	
Province of Ontario 2.25% 12-02-2031	4.62%	
Province of Quebec 3.10% 12-01-2051	2.20%	
Canada Housing Trust No. 1 Floating Rate 09-15-2023	2.10%	
Foreign Equity Fund 3.02MF	6,482	9,685
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Dividend Fund 8.26SAM	7,333	8,145
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	

*The issuer of this security is a related company to the issuer of the Fund.

2045 Profile Fund 5.21L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Equity Fund 2.05L	5,318	9,559
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.88%	
Amazon.com Inc.	3.86%	
Apple Inc.	3.19%	
NRG Energy Inc.	2.69%	
Adobe Inc.	2.17%	
Global Small Cap Growth Fund 8.98MF	13,205	16,055
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Wabtec Corp.	2.21%	
Motorola Solutions Inc.	2.21%	
Growth Equity Fund 2.04L	20,489	25,057
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
International Opportunity Fund 2.88JPMF	16,772	23,984
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Mid Cap Canada Fund 2.16G	9,892	16,062
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Kinaxis Inc.	5.47%	
Aritzia Inc.	4.53%	
Tecsys Inc.	4.13%	
Hardwoods Distribution Inc.	4.00%	
Boralex Inc. Class A	3.56%	

2045 Profile Fund 5.21L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Natural Resource Fund 2.12MX	7,853	13,338
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.76%	
West Fraser Timber Co. Ltd.	4.83%	
Tourmaline Oil Corp.	4.16%	
ARC Resources Ltd.	4.13%	
Royal Dutch Shell PLC Class A ADR	3.85%	
Real Estate Fund 2.17G	23,780	30,647
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	
U.S. Equity Fund	19,630	26,032
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Equity Fund (S178) 4.11L	13,914	21,134
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	234,707	322,828

2045 Profile Fund 5.21L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	10,089,417	9,131,159	8,345,475	7,517,060	7,136,038	321,399	244,056	199,476	155,839	153,847
Individual	16,375	16,486	16,273	18,479	19,495	304	264	241	245	277
75/75 guarantee policy	12,127	15,585	19,106	22,266	21,776	269	299	338	352	369
75/100 guarantee policy	31,720	32,396	30,222	38,535	33,488	695	614	529	603	562
100/100 guarantee policy	489	251	3,046	3,048	3,353	10	5	51	46	55
PS1 75/75 guarantee policy	6,214	6,214	6,211	6,208	—	133	115	105	93	—
PS1 75/100 guarantee policy	859	859	951	5,748	—	18	16	16	86	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	31.86	26.73	23.90	20.73	21.56	5.13	2.83
Individual	18.53	16.04	14.80	13.24	14.20	2.49	1.24
75/75 guarantee policy	22.21	19.20	17.69	15.81	16.95	3.01	1.51
75/100 guarantee policy	21.91	18.96	17.49	15.65	16.79	2.95	1.47
100/100 guarantee policy	21.01	18.25	16.90	15.18	16.35	2.76	1.35
PS1 75/75 guarantee policy	21.44	18.44	16.90	15.03	—	3.00	1.54
PS1 75/100 guarantee policy	21.15	18.21	16.71	14.87	—	2.94	1.50

2045 Profile Fund 5.21L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The 2045 Profile Fund 5.21L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2045 Profile Fund 5.21L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2045 Profile Fund 5.21L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2045 Profile Fund 5.21L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

2045 Profile Fund 5.21L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2045 Profile Fund 5.21L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

2045 Profile Fund 5.21L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

2045 Profile Fund 5.21L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

2045 Profile Fund 5.21L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

2045 Profile Fund 5.21L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

2045 Profile Fund 5.21L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Real Estate Fund 2.17G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 15,704	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	429	170
Purchases	—	—
Sales	—	(61)
Settlements	—	—
Transfers into Level 3	—	15,595
Transfers out of Level 3	(16,133)	—
Balance, end of year	\$ —	\$ 15,704
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 171

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$15,595 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$16,133 was transferred on April 19, 2021 from Level 3 to Level 2.

2045 Profile Fund 5.21L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.15	3.15	3.15	3.16	3.11
75/75 guarantee policy	3.06	3.05	3.06	3.06	3.02
75/100 guarantee policy	3.15	3.15	3.16	3.16	3.11
100/100 guarantee policy	3.53	3.53	3.54	3.55	3.49
PS1 75/75 guarantee policy	2.53	2.52	2.52	2.51	—
PS1 75/100 guarantee policy	2.64	2.64	2.64	2.62	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	25.72	33.84	7.59	24.10	21.01

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

2050 PROFILE FUND 5.22L

December 31, 2021

Independent Auditor's Report

To the Contractholders of 2050 Profile Fund 5.22L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

2050 Profile Fund 5.22L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	300,553	224,478
Total investments	300,553	224,478
Total assets	\$ 300,553	\$ 224,478
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 300,553	\$ 224,478

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 46,210	\$ 24,254
Miscellaneous income (loss)	—	—
Total income	46,210	24,254
Expenses		
Management fees (note 8)	2,622	1,945
Other	247	184
Total expenses	2,869	2,129
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 43,341	\$ 22,125

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 224,478	\$ 177,466
Contractholder deposits	56,159	39,649
Contractholder withdrawals	(23,425)	(14,762)
Increase (decrease) in net assets from operations attributable to contractholders	43,341	22,125
Change in net assets attributable to contractholders	76,075	47,012
Net assets attributable to contractholders - end of year	\$ 300,553	\$ 224,478

2050 Profile Fund 5.22L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 43,341	\$ 22,125
Adjustments		
Realized (gains) losses	(13,799)	(10,069)
Unrealized (gains) losses	(32,411)	(14,185)
Gross proceeds of disposition of investments	62,767	60,195
Gross payments for the purchase of investments	(92,632)	(82,953)
	(32,734)	(24,887)
Financing Activities		
Contractholder deposits	56,159	39,649
Contractholder withdrawals	(23,425)	(14,762)
	32,734	24,887
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	\$ —	\$ —

2050 Profile Fund 5.22L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	13,449	27,045
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Canadian Equity Fund	7,821	12,055
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	18,622	23,266
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Dividend Fund 2.03L	5,978	7,521
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
EAFE Equity Fund 6.84SAM	12,992	16,510
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	

*The issuer of this security is a related company to the issuer of the Fund.

2050 Profile Fund 5.22L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Emerging Markets Fund 3.04MF	12,772	13,350
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	10,728	13,400
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Fixed Income Fund (S019) 3.99LAK	1,376	1,496
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.54%	
Mackenzie Floating Rate Income ETF *	5.08%	
Province of Ontario 2.25% 12-02-2031	4.62%	
Province of Quebec 3.10% 12-01-2051	2.20%	
Canada Housing Trust No. 1 Floating Rate 09-15-2023	2.10%	
Foreign Equity Fund 3.02MF	6,234	8,992
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Dividend Fund 8.26SAM	6,815	7,567
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	

*The issuer of this security is a related company to the issuer of the Fund.

2050 Profile Fund 5.22L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Equity Fund 2.05L	5,259	8,923
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.88%	
Amazon.com Inc.	3.86%	
Apple Inc.	3.19%	
NRG Energy Inc.	2.69%	
Adobe Inc.	2.17%	
Global Small Cap Growth Fund 8.98MF	12,244	14,954
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Wabtec Corp.	2.21%	
Motorola Solutions Inc.	2.21%	
Growth Equity Fund 2.04L	19,086	23,283
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
International Opportunity Fund 2.88JPMF	15,372	22,368
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Mid Cap Canada Fund 2.16G	9,423	15,006
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Kinaxis Inc.	5.47%	
Aritzia Inc.	4.53%	
Tecsys Inc.	4.13%	
Hardwoods Distribution Inc.	4.00%	
Boralex Inc. Class A	3.56%	

2050 Profile Fund 5.22L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Natural Resource Fund 2.12MX	7,336	12,447
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.76%	
West Fraser Timber Co. Ltd.	4.83%	
Tourmaline Oil Corp.	4.16%	
ARC Resources Ltd.	4.13%	
Royal Dutch Shell PLC Class A ADR	3.85%	
Real Estate Fund 2.17G	22,587	28,520
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	
U.S. Equity Fund	18,293	24,237
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Equity Fund (S178) 4.11L	13,302	19,613
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	219,689	300,553

2050 Profile Fund 5.22L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	9,305,933	8,292,675	7,333,549	6,269,441	5,716,504	299,014	223,066	175,885	129,686	123,736
Individual	11,776	10,496	13,290	10,576	9,859	218	168	195	138	139
75/75 guarantee policy	28,333	26,983	26,004	23,277	12,834	640	526	465	370	220
75/100 guarantee policy	24,853	32,105	35,665	44,641	41,549	550	614	628	700	704
100/100 guarantee policy	2,310	2,302	2,431	3,551	3,658	49	42	41	54	60
PS1 75/75 guarantee policy	9	10	446	—	—	—	—	8	—	—
PS1 75/100 guarantee policy	3,840	3,349	14,459	18,679	18,848	82	62	244	279	303

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	32.13	26.90	23.98	20.69	21.65	5.23	2.92
Individual	18.48	15.97	14.70	13.08	14.13	2.51	1.27
75/75 guarantee policy	22.58	19.48	17.90	15.91	17.16	3.10	1.58
75/100 guarantee policy	22.14	19.13	17.61	15.67	16.93	3.01	1.52
100/100 guarantee policy	21.17	18.36	16.96	15.15	16.43	2.81	1.40
PS1 75/75 guarantee policy	22.91	19.55	17.81	15.71	16.56	3.36	1.74
PS1 75/100 guarantee policy	21.44	18.43	16.87	14.94	16.06	3.01	1.56

2050 Profile Fund 5.22L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The 2050 Profile Fund 5.22L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

2050 Profile Fund 5.22L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

2050 Profile Fund 5.22L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

2050 Profile Fund 5.22L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2050 Profile Fund 5.22L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

2050 Profile Fund 5.22L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

2050 Profile Fund 5.22L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

2050 Profile Fund 5.22L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

2050 Profile Fund 5.22L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

2050 Profile Fund 5.22L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Real Estate Fund 2.17G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 14,095	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	385	153
Purchases	—	—
Sales	—	(39)
Settlements	—	—
Transfers into Level 3	—	13,981
Transfers out of Level 3	(14,480)	—
Balance, end of year	\$ —	\$ 14,095
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 153

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$13,981 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$14,480 was transferred on April 19, 2021 from Level 3 to Level 2.

2050 Profile Fund 5.22L

Supplemental Information (*unaudited*)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.22	3.23	3.22	3.21	3.22
75/75 guarantee policy	3.06	3.07	3.06	3.05	3.04
75/100 guarantee policy	3.23	3.23	3.21	3.21	3.22
100/100 guarantee policy	3.59	3.59	3.59	3.59	3.58
PS1 75/75 guarantee policy	2.54	2.55	2.52	2.51	—
PS1 75/100 guarantee policy	2.70	2.70	2.69	2.69	2.69

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	23.93	31.79	4.92	24.20	20.00

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

INCOME PROFILE FUND 5.13L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Income Profile Fund 5.13L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Income Profile Fund 5.13L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	52,500	50,914
Total investments	52,500	50,914
Total assets	\$ 52,500	\$ 50,914
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 52,500	\$ 50,914

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 2,539	\$ 3,828
Miscellaneous income (loss)	—	—
Total income	2,539	3,828
Expenses		
Management fees (note 8)	1,023	1,045
Other	126	130
Total expenses	1,149	1,175
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,390	\$ 2,653

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 50,914	\$ 54,467
Contractholder deposits	7,131	1,485
Contractholder withdrawals	(6,935)	(7,691)
Increase (decrease) in net assets from operations attributable to contractholders	1,390	2,653
Change in net assets attributable to contractholders	1,586	(3,553)
Net assets attributable to contractholders - end of year	\$ 52,500	\$ 50,914

Income Profile Fund 5.13L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,390	\$ 2,653
Adjustments		
Realized (gains) losses	(3,552)	(3,361)
Unrealized (gains) losses	1,013	(467)
Gross proceeds of disposition of investments	16,627	18,867
Gross payments for the purchase of investments	(15,674)	(11,486)
	(196)	6,206
Financing Activities		
Contractholder deposits	7,131	1,485
Contractholder withdrawals	(6,935)	(7,691)
	196	(6,206)
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	\$ —	\$ —

Income Profile Fund 5.13L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	1,260	1,563
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund	6,224	7,343
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.98%	
Government of Canada 3.00% 12-01-2036 Real Return	4.43%	
Government of Canada 0.75% 10-01-2024	4.32%	
Province of Quebec 3.10% 12-01-2051	3.10%	
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2.64%	
Canadian Equity Fund	1,274	1,850
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund 2.18G	839	1,052
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.45%	
The Toronto-Dominion Bank	6.99%	
Bank of Montreal	5.24%	
Brookfield Asset Management Inc.	4.17%	
Canadian Pacific Railway Ltd.	4.04%	
Corporate Bond Fund 7.52PIM	3,464	3,942
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Mackenzie Floating Rate Income ETF *	5.10%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.07%	
Loblaw Companies Ltd. 5.90% 01-18-2036	2.01%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1.45%	

*The issuer of this security is a related company to the issuer of the Fund.

Income Profile Fund 5.13L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Dividend Fund 2.03L	1,154	1,850
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
EAFE Equity Fund 6.84SAM	706	786
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 3.04MF	744	776
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Emerging Markets Fund 9.67P	807	776
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Fixed Income Fund (S019) 3.99LAK	9,333	10,834
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.54%	
Mackenzie Floating Rate Income ETF *	5.08%	
Province of Ontario 2.25% 12-02-2031	4.62%	
Province of Quebec 3.10% 12-01-2051	2.20%	
Canada Housing Trust No. 1 Floating Rate 09-15-2023	2.10%	

*The issuer of this security is a related company to the issuer of the Fund.

Income Profile Fund 5.13L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Foreign Equity Fund 3.02MF	1,557	2,096
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Dividend Fund 8.26SAM	940	1,048
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Infrastructure Equity Fund 6.70L	816	1,051
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Duke Energy Corp.	5.33%	
NextEra Energy Inc.	4.46%	
Transurban Group Stapled Security	4.19%	
DTE Energy Co.	3.28%	
Sydney Airport Authority Unit	3.11%	
Global Unconstrained Fund 8.97MF	2,291	2,623
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	
International Bond Fund (S036) 4.04LAK	1,627	1,546
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Buoni del Tesoro Poliennali 1.25% 12-01-2026	5.59%	
United States Treasury 1.625% 08-15-2029	4.68%	
United States Treasury 2.875% 04-30-2025	4.37%	
Zurich Finance (Ireland) Designated Activity Co. 3.00% 04-19-2031	2.88%	
Government of Spain 2.15% 10-31-2025	2.79%	

*The issuer of this security is a related company to the issuer of the Fund.

Income Profile Fund 5.13L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Fund 2.52LM	1,771	2,098
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
International Opportunity Fund 2.88JPMF	505	784
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Long Term Bond Fund	1,355	1,589
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Ontario 3.45% 06-02-2045	2.86%	
Government of Canada 2.00% 12-01-2051	2.82%	
Province of Ontario 2.90% 06-02-2049	2.77%	
Province of Ontario 2.80% 06-02-2048	2.75%	
Province of Quebec 3.50% 12-01-2048	2.23%	
Mortgage Fund	3,050	3,508
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.49%	
BPP CA Industrial Owner LP (Ontario)	1.91%	
2615985 Ontario Inc.	1.71%	
Government of Canada 2.25% 06-01-2025	1.30%	
Canada Housing Trust No. 1 2.10% 09-15-2029	1.29%	
Real Estate Fund 2.17G	911	1,507
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	8.78%	
Goreway Business Park	6.97%	
33 Yonge St.	5.88%	
1188 West Georgia St.	4.86%	
Superior Business Park	4.37%	

Income Profile Fund 5.13L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Return Bond Fund 7.53PIM	1,665	1,777
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	14.56%	
Government of Canada 1.50% 12-01-2044 Real Return	14.11%	
Government of Canada 1.25% 12-01-2047 Real Return	13.11%	
Government of Canada 3.00% 12-01-2036 Real Return	12.95%	
Government of Canada 2.00% 12-01-2041 Real Return	12.80%	
U.S. Dividend Fund 7.76L	582	1,051
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	6.52%	
Broadcom Inc.	3.24%	
JPMorgan Chase & Co.	3.14%	
Eaton Corp. PLC	2.51%	
Apple Inc.	2.48%	
U.S. Value Equity Fund (S178) 4.11L	738	1,050
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	43,613	52,500

Income Profile Fund 5.13L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	553,175	496,910	508,878	513,439	497,823	13,098	11,210	10,662	9,776	9,396
Individual	479,871	518,551	589,880	780,848	1,033,536	7,286	7,710	8,371	10,349	13,961
75/75 guarantee policy	310,187	380,029	532,015	602,661	789,232	4,705	5,629	7,500	7,912	10,544
75/100 guarantee policy	844,822	1,015,628	1,223,044	1,239,411	1,311,279	12,608	14,841	17,058	16,145	17,409
100/100 guarantee policy	23,210	23,034	26,269	31,014	29,343	340	331	362	399	386
PS1 75/75 guarantee policy	258,627	271,426	213,470	246,477	202,208	3,720	3,803	2,840	3,047	2,534
PS1 75/100 guarantee policy	667,641	475,141	533,313	537,925	497,188	9,552	6,626	7,065	6,625	6,210
PS1 100/100 guarantee policy	2,583	2,583	2,583	6,348	—	36	35	34	77	—
PS2 75/75 guarantee policy	40,518	—	—	673	1,024	724	—	—	10	15
PS2 75/100 guarantee policy	11,764	13,615	22,411	19,625	—	210	232	354	281	—
PS 75/100 guarantee policy	18,307	44,077	20,767	—	—	213	497	221	—	—
PPS 75/100 guarantee policy	644	—	—	—	—	8	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	23.68	22.56	20.95	19.04	18.87	1.12	1.61
Individual	15.18	14.87	14.19	13.25	13.51	0.31	0.68
75/75 guarantee policy	15.17	14.81	14.10	13.13	13.36	0.36	0.71
75/100 guarantee policy	14.92	14.61	13.95	13.03	13.28	0.31	0.66
100/100 guarantee policy	14.66	14.38	13.76	12.88	13.15	0.28	0.62
PS1 75/75 guarantee policy	14.38	14.01	13.31	12.36	12.53	0.37	0.70
PS1 75/100 guarantee policy	14.31	13.94	13.25	12.32	12.49	0.37	0.69
PS1 100/100 guarantee policy	14.08	13.74	13.08	12.18	—	0.34	0.66
PS2 75/75 guarantee policy	17.86	—	—	14.34	14.21	0.85	—
PS2 75/100 guarantee policy	17.86	17.01	15.79	14.34	—	0.85	1.22
PS 75/100 guarantee policy	11.65	11.28	10.65	—	—	0.37	0.63
PPS 75/100 guarantee policy	11.84	—	—	—	—	0.43	—

Income Profile Fund 5.13L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Income Profile Fund 5.13L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Income Profile Fund 5.13L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Income Profile Fund 5.13L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Income Profile Fund 5.13L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Income Profile Fund 5.13L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income Profile Fund 5.13L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Income Profile Fund 5.13L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Income Profile Fund 5.13L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Income Profile Fund 5.13L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Income Profile Fund 5.13L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Income Profile Fund 5.13L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Real Estate Fund 2.17G", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 4,006	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	109	43
Purchases	—	—
Sales	—	(21)
Settlements	—	—
Transfers into Level 3	—	3,984
Transfers out of Level 3	(4,115)	—
Balance, end of year	\$ —	\$ 4,006
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 43

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$3,984 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$4,115 was transferred on April 19, 2021 from Level 3 to Level 2.

Income Profile Fund 5.13L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	2.78	2.78	2.78	2.83	2.85
75/75 guarantee policy	2.50	2.50	2.50	2.68	2.81
75/100 guarantee policy	2.79	2.78	2.78	2.83	2.85
100/100 guarantee policy	3.01	3.01	3.01	3.02	3.01
PS1 75/75 guarantee policy	2.27	2.26	2.26	2.27	2.26
PS1 75/100 guarantee policy	2.31	2.32	2.31	2.33	2.32
PS1 100/100 guarantee policy	2.49	2.49	2.49	2.47	—
PS 75/100 guarantee policy	1.66	1.65	1.65	—	—
PPS 75/100 guarantee policy	1.20	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	30.01	22.18	11.97	18.53	36.02

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

EQUITY PROFILE FUND 5.23L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Equity Profile Fund 5.23L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Equity Profile Fund 5.23L

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	10,602	9,499
Total investments	10,602	9,499
Total assets	\$ 10,602	\$ 9,499
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 10,602	\$ 9,499

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,827	\$ 829
Miscellaneous income (loss)	—	—
Total income	1,827	829
Expenses		
Management fees (note 8)	233	221
Other	28	26
Total expenses	261	247
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,566	\$ 582

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 9,499	\$ 10,620
Contractholder deposits	469	372
Contractholder withdrawals	(932)	(2,075)
Increase (decrease) in net assets from operations attributable to contractholders	1,566	582
Change in net assets attributable to contractholders	1,103	(1,121)
Net assets attributable to contractholders - end of year	\$ 10,602	\$ 9,499

Equity Profile Fund 5.23L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,566	\$ 582
Adjustments		
Realized (gains) losses	(892)	(562)
Unrealized (gains) losses	(935)	(267)
Gross proceeds of disposition of investments	2,304	2,612
Gross payments for the purchase of investments	(1,580)	(662)
	<u>463</u>	<u>1,703</u>
Financing Activities		
Contractholder deposits	469	372
Contractholder withdrawals	(932)	(2,075)
	<u>(463)</u>	<u>(1,703)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

Equity Profile Fund 5.23L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 2.34A	358	849
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Canadian Equity Fund	998	1,014
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.08%	
The Toronto-Dominion Bank	6.93%	
Mackenzie US Large Cap Index ETF *	4.90%	
The Bank of Nova Scotia	4.02%	
Canadian National Railway Co.	3.98%	
Canadian Equity Fund (S002) 4.00LAK	354	639
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Equity Fund 3.37BST	689	1,013
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	6.48%	
Brookfield Asset Management Inc.	6.45%	
The Toronto-Dominion Bank	5.92%	
Canadian National Railway Co.	4.88%	
The Bank of Nova Scotia	4.40%	
Dividend Fund 2.03L	546	959
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	

*The issuer of this security is a related company to the issuer of the Fund.

Equity Profile Fund 5.23L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
EAFE Equity Fund 6.84SAM	531	741
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Groupe Bruxelles Lambert SA *	6.92%	
DCC PLC	5.36%	
Alcon Inc.	5.31%	
Samsung Electronics Co. Ltd.	5.05%	
Diageo PLC	4.74%	
Emerging Markets Fund 9.67P	402	524
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.44%	
Infosys Ltd.	7.61%	
Tencent Holdings Ltd.	7.09%	
Samsung Electronics Co. Ltd.	6.27%	
ICICI Bank Ltd.	5.83%	
Global Dividend Fund 8.26SAM	610	849
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Procter & Gamble Co.	4.12%	
Sampo OYJ A	3.93%	
Nestle SA	3.51%	
GlaxoSmithKline PLC	3.48%	
Johnson & Johnson Inc.	3.48%	
Global Equity Fund 2.05L	316	576
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	4.88%	
Amazon.com Inc.	3.86%	
Apple Inc.	3.19%	
NRG Energy Inc.	2.69%	
Adobe Inc.	2.17%	
Global Equity Fund 7.56CLI	342	583
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	4.69%	
Microsoft Corp.	4.58%	
Alphabet Inc. Class A	2.83%	
Amazon.com Inc.	2.56%	
iShares MSCI World UCITS ETF	2.25%	

*The issuer of this security is a related company to the issuer of the Fund.

Equity Profile Fund 5.23L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Small Cap Growth Fund 8.98MF	283	315
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Wabtec Corp.	2.21%	
Motorola Solutions Inc.	2.21%	
International Opportunity Fund 2.88JPMF	495	735
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
ASML Holding NV	5.42%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.23%	
Novo Nordisk AS	3.89%	
Diageo PLC	3.37%	
Mid Cap Canada Fund 2.16G	381	634
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Kinaxis Inc.	5.47%	
Aritzia Inc.	4.53%	
Tecsys Inc.	4.13%	
Hardwoods Distribution Inc.	4.00%	
Boralex Inc. Class A	3.56%	
U.S. Value Equity Fund (S178) 4.11L	748	1,171
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.27%	
UnitedHealth Group Inc.	2.20%	
Visa Inc. Class A	1.85%	
Bank of America Corp.	1.84%	
Walmart Inc.	1.83%	
Total Investments	7,053	10,602

Equity Profile Fund 5.23L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Group RRSP/DCP	85,169	81,557	88,062	111,848	115,072	2,635	2,101	2,060	2,191	2,398
Individual	74,457	82,979	109,045	120,375	113,429	1,439	1,378	1,697	1,620	1,676
75/75 guarantee policy	36,230	42,673	58,262	75,945	64,662	891	899	1,148	1,290	1,203
75/100 guarantee policy	141,374	163,704	198,732	219,971	186,842	3,394	3,378	3,843	3,678	3,431
100/100 guarantee policy	3,865	4,638	7,830	8,251	7,654	89	92	146	133	136
PS1 75/75 guarantee policy	21,066	17,355	14,917	45,023	6,277	503	354	283	734	112
PS1 75/100 guarantee policy	47,610	41,112	53,752	65,531	65,607	1,113	823	1,003	1,053	1,152
PS1 100/100 guarantee policy	1,602	1,601	1,601	1,601	1,601	37	32	30	25	28
PS2 75/100 guarantee policy	15,267	16,894	17,818	17,108	16,949	465	429	410	330	347
PS 75/75 guarantee policy	—	—	44	—	—	—	—	—	—	—
PS 75/100 guarantee policy	2,406	1,174	10	—	—	32	13	—	—	—
PPS 75/100 guarantee policy	277	—	—	—	—	4	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Group RRSP/DCP	30.94	25.76	23.39	19.59	20.84	5.18	2.37
Individual	19.32	16.61	15.57	13.46	14.78	2.71	1.04
75/75 guarantee policy	24.59	21.08	19.70	16.98	18.60	3.51	1.38
75/100 guarantee policy	24.01	20.64	19.34	16.72	18.36	3.37	1.30
100/100 guarantee policy	22.92	19.78	18.61	16.15	17.80	3.14	1.17
PS1 75/75 guarantee policy	23.89	20.40	18.99	16.30	17.78	3.49	1.41
PS1 75/100 guarantee policy	23.39	20.01	18.67	16.07	17.56	3.38	1.34
PS1 100/100 guarantee policy	22.91	19.67	18.41	15.90	17.44	3.24	1.26
PS2 75/100 guarantee policy	30.47	25.37	23.02	19.27	20.49	5.10	2.35
PS 75/75 guarantee policy	—	—	10.52	—	—	—	—
PS 75/100 guarantee policy	13.32	11.32	10.48	—	—	2.00	0.84
PPS 75/100 guarantee policy	13.52	—	—	—	—	2.08	—

Equity Profile Fund 5.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Equity Profile Fund 5.23L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Equity Profile Fund 5.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Equity Profile Fund 5.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Equity Profile Fund 5.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Equity Profile Fund 5.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Equity Profile Fund 5.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Equity Profile Fund 5.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Group RRSP/DCP units are available to:

- Group Registered Retirement Savings Plans,
- Registered Education Savings Plans,
- Deferred Profit Sharing Plans, and
- Certain Money Purchase Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of an Individual Savings Contract or a Retirement Income Fund.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Equity Profile Fund 5.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Equity Profile Fund 5.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector, along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) The amounts shown as “Due from (to) The Canada Life Assurance Company” represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- c) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Equity Profile Fund 5.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Equity Profile Fund 5.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Equity Profile Fund 5.23L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual	3.22	3.22	3.22	3.23	3.23
75/75 guarantee policy	2.94	2.94	2.94	2.99	3.07
75/100 guarantee policy	3.22	3.22	3.22	3.23	3.23
100/100 guarantee policy	3.60	3.61	3.60	3.62	3.61
PS1 75/75 guarantee policy	2.53	2.53	2.53	2.52	2.55
PS1 75/100 guarantee policy	2.76	2.76	2.76	2.77	2.76
PS1 100/100 guarantee policy	3.09	3.09	3.09	3.10	3.10
PS 75/75 guarantee policy	—	—	1.80	—	—
PS 75/100 guarantee policy	2.09	2.08	2.09	—	—
PPS 75/100 guarantee policy	1.64	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	15.83	7.05	3.14	26.70	52.94

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.