

# CANADA LIFE LONG TERM BOND FUND

(Formerly Canada Life Long Term Bond Fund (Portico))

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## **Interim Management Report of Fund Performance**

For the Six-Month Period Ended September 30, 2021

*This Interim Management Report of Fund Performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the investment fund. You may obtain a copy of the interim financial report or annual financial statements, at no cost, by contacting us using one of the methods noted under Fund Formation and Series Information, by visiting our website at [www.canadalifeinvest.ca](http://www.canadalifeinvest.ca) or by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com).*

*Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure. For more information, please refer to the Fund's Simplified Prospectus, Annual Information Form and Fund Facts, which may also be obtained, at no cost, using any of the methods outlined above.*

*For the Fund's current net asset values per security and for more recent information on general market events, please visit our website.*

### **A NOTE ON FORWARD-LOOKING STATEMENTS**

*This report may contain forward-looking statements that reflect our current expectations or forecasts of future events. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "preliminary", "typical" and other similar expressions. In addition, these statements may relate to future corporate actions, future financial performance of a fund or a security and their future investment strategies and prospects. Forward-looking statements are inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual events, results, performance or prospects to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, the volatility of global equity and capital markets, business competition, technological change, changes in government regulations, changes in securities laws and regulations, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, outbreaks of disease or pandemics (such as COVID-19), and the ability of Canada Life Investment Management Ltd. to attract or retain key employees. The foregoing list of important risks, uncertainties and assumptions is not exhaustive. Please consider these and other factors carefully and do not place undue reliance on forward-looking statements.*

*The forward-looking information contained in this report is current only as of the date of this report. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.*

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INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended September 30, 2021

## Management Discussion of Fund Performance

November 16, 2021

This Management Discussion of Fund Performance presents the portfolio management team's view on the significant factors and developments that have affected the Fund's performance and outlook in the six-month period ended September 30, 2021 (the "period"). If the Fund was established during the period, "period" represents the period since inception.

In this report, "CLIML" refers to Canada Life Investment Management Ltd., the manager of the Fund. CLIML is wholly owned by The Canada Life Assurance Company ("Canada Life"). CLIML has entered into a fund administration agreement with Mackenzie Financial Corporation ("Mackenzie"), an affiliate of CLIML and Canada Life, for administrative services. In addition, net asset value ("NAV") refers to the value of the Fund as calculated for transaction purposes, on which the discussion of Fund performance is based.

This report should be read in conjunction with the annual Management Report of Fund Performance for the year ended March 31, 2021. Please read *A Note on Forward-Looking Statements* on the first page of this document.

## Results of Operations

### Investment Performance

The performance in the current and previous periods is shown in the *Past Performance* section of the report. The following comparison to market indices is intended to help investors understand the Fund's performance relative to the general performance of the markets. However, the Fund's mandate may be different from that of the indices shown.

During the period, the Fund's Series R securities returned 2.0% (after deducting fees and expenses paid by the series). This compares with a return of 1.1% for the Fund's broad-based index, the FTSE Canada Universe Bond Index, and a return of 2.1% for the Fund's narrow index, the FTSE Canada Long Term Bond Index. All index and series returns are calculated on a total return basis in Canadian dollar terms. Investors cannot invest in an index without incurring fees, expenses and commissions, which are not reflected in the index returns.

The Bank of Canada maintained monetary policy support in the period, including keeping its policy interest rate at 0.25% and making substantial bond purchases. However, the central bank reduced its asset purchase program to a weekly \$2 billion in response to continued recovery and increased confidence in Canada's economic outlook. Yields on 10-year Government of Canada bonds increased, reflecting higher-than-expected inflation and signals of a shift to tighter policy from the U.S. Federal Reserve.

The Fund outperformed the broad-based index, with its longer duration (higher sensitivity to interest rates) contributing to performance as interest rates declined near the end of the period. Given the Fund's mandate, the return of the narrow index is a more meaningful comparison.

The Fund performed in line with the narrow index, with its duration positioning contributing to performance. Conversely, security selection within provincial bonds detracted from performance relative to the narrow index, as did an overweight position and security selection in corporate bonds as long-term corporate bonds underperformed long-term government bonds.

Over the period, neither portfolio activity nor market developments significantly changed the positioning of the Fund.

### Net Assets

The Fund's net assets increased by 6.6% during the period to \$27.8 million. This change was composed primarily of \$0.5 million in net income (including any interest and/or dividend income) from investment performance, after deducting fees and expenses, and an increase of \$1.3 million due to net securityholder activity (including sales, redemptions and cash distributions).

### Fees and Expenses

The annualized management expense ratio ("MER") for each series during the period ended September 30, 2021, was generally similar to the MER for the year ended March 31, 2021. Total expenses paid vary from period to period mainly as a result of changes in average assets in each series. No management fee or administration fee, other than certain specific fund costs, is charged to the Fund. The MERs for all series are presented in the *Financial Highlights* section of this report.

### Recent Developments

The ongoing international mutation and transmission of COVID-19 continued to negatively impact the global economy and caused volatility in financial markets. The COVID-19 pandemic may continue to adversely affect global markets and the Fund's performance.

Effective August 19, 2021, the Fund was renamed Canada Life Long Term Bond Fund.

### Related Party Transactions

Investment funds managed by CLIML and segregated funds managed by Canada Life and its subsidiaries may invest in the Fund on a prospectus-exempt basis in accordance with the investment objectives of those funds. At September 30, 2021, funds managed by CLIML and Canada Life owned 100.0% of the Fund's NAV. All related party transactions are based on the NAV per security on each transaction day. As a result of these investments, the Fund may be subject to large transaction risk as discussed in the Prospectus. CLIML manages this risk to reduce the possibility of any adverse effect on the Fund or on its investors, through such processes as requiring advance notice of large redemptions.

The Fund did not rely on an approval, positive recommendation or standing instruction from the Canada Life Funds' Independent Review Committee with respect to any related party transactions in the period.

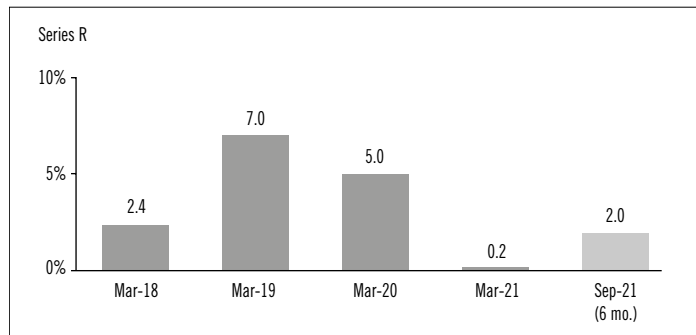
# CANADA LIFE LONG TERM BOND FUND

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## Past Performance

The following bar chart presents the performance of Series R of the Fund for each of the fiscal periods shown. The chart shows, in percentage terms, how much an investment made on the first day of each fiscal period, or on the series inception or reinstatement date, as applicable, would have increased or decreased by the last day of the fiscal period presented. Series inception or reinstatement dates can be found under *Fund Formation and Series Information*.



# CANADA LIFE LONG TERM BOND FUND

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## Summary of Investment Portfolio at September 30, 2021

<b>Portfolio Allocation</b>	<b>% of NAV</b>
Bonds	98.4
Cash and short-term investments	0.9
Other assets (liabilities)	0.7
<b>Regional Allocation</b>	
Canada	98.4
Cash and short-term investments	0.9
Other assets (liabilities)	0.7
<b>Sector Allocation</b>	
Provincial bonds	55.6
Corporate bonds	29.0
Federal bonds	12.7
Cash and short-term investments	0.9
Municipal bonds	0.8
Other assets (liabilities)	0.7
Foreign government bonds	0.3
<b>Bonds by Credit Rating*</b>	
AAA	12.7
AA	25.5
A	41.4
BBB	10.4
Unrated	8.4

\* Credit ratings and rating categories are based on ratings issued by a designated rating organization.

## Top 25 Positions

<b>Issuer</b>	<b>% of NAV</b>
Government of Canada 2.00% 12-01-2051	3.0
Province of Ontario 2.80% 06-02-2048	2.9
Province of Ontario 3.45% 06-02-2045	2.8
Province of Quebec 3.50% 12-01-2048	2.4
Province of Ontario 2.65% 12-02-2050	2.4
Province of Ontario 3.50% 06-02-2043	2.3
Province of Ontario 2.90% 06-02-2049	2.3
Province of Quebec 4.25% 12-01-2043	2.2
Province of Ontario 4.70% 06-02-2037	2.1
Province of Quebec 3.50% 12-01-2045	1.9
Government of Canada 2.75% 12-01-2048	1.8
Province of Ontario 1.90% 12-02-2051	1.8
Province of Quebec 3.10% 12-01-2051	1.7
Province of Quebec 6.25% 06-01-2032	1.7
Government of Canada 5.00% 06-01-2037	1.5
Province of Nova Scotia 4.40% 06-01-2042	1.5
Province of Quebec 5.75% 12-01-2036	1.4
Government of Canada 4.00% 06-01-2041	1.4
Province of Quebec 2.85% 12-01-2053	1.3
Province of Quebec 5.00% 12-01-2041	1.3
Province of British Columbia 4.30% 06-18-2042	1.2
Province of Ontario 2.15% 06-02-2031	1.2
Government of Canada 3.50% 12-01-2045	1.1
Province of Ontario 5.60% 06-02-2035	1.1
Health Montreal Collective LP 6.72% 09-30-2049	1.0

## Top long positions as a percentage of total net asset value

**45.3**

The Fund held no short positions at the end of the period.

The investments and percentages may have changed since September 30, 2021, due to the ongoing portfolio transactions of the Fund. Quarterly updates of holdings are available within 60 days of the end of each quarter except for March 31, the Fund's fiscal year-end, when they are available within 90 days.

# CANADA LIFE LONG TERM BOND FUND

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## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for each of the fiscal periods presented below. If during the period a fund or series was established or reinstated, "period" represents the period from inception or reinstatement to the end of that fiscal period. Series inception or reinstatement dates can be found under *Fund Formation and Series Information*.

### THE FUND'S NET ASSETS PER SECURITY (\$)¹

Series R	Sep. 30 2021	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019	Mar. 31 2018
<b>Net assets, beginning of period</b>	<b>10.06</b>	10.50	10.33	10.01	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	<b>0.16</b>	0.34	0.35	0.36	0.25
Total expenses	–	–	–	–	–
Realized gains (losses) for the period	<b>(0.06)</b>	0.37	0.13	(0.03)	(0.01)
Unrealized gains (losses) for the period	<b>0.08</b>	(0.70)	0.03	0.41	0.09
<b>Total increase (decrease) from operations²</b>	<b>0.18</b>	0.01	0.51	0.74	0.33
<b>Distributions:</b>					
From net investment income (excluding Canadian dividends)	<b>(0.16)</b>	(0.34)	(0.35)	(0.36)	(0.22)
From Canadian dividends	–	–	–	–	–
From capital gains	–	(0.15)	–	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions³</b>	<b>(0.16)</b>	(0.49)	(0.35)	(0.36)	(0.22)
<b>Net assets, end of period</b>	<b>10.10</b>	10.06	10.50	10.33	10.01

(1) These calculations are prescribed by securities regulations and are not intended to be a reconciliation between opening and closing net assets per security. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements. The net assets per security presented in the financial statements may differ from the net asset value per security calculated for fund pricing purposes. An explanation of these differences, if any, can be found in the *Notes to Financial Statements*.

(2) Net assets and distributions are based on the actual number of securities outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of securities outstanding over the fiscal period.

(3) Distributions were paid in cash/reinvested in additional securities of the Fund, or both.

## RATIOS AND SUPPLEMENTAL DATA

Series R	Sep. 30 2021	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019	Mar. 31 2018
Total net asset value (\$000)¹	<b>27,803</b>	26,072	27,750	24,325	19,704
Securities outstanding (000)¹	<b>2,752</b>	2,591	2,644	2,355	1,968
Management expense ratio (%)²	–	–	–	–	–
Management expense ratio before waivers or absorptions (%)²	–	–	–	–	–
Trading expense ratio (%)³	<b>0.01</b>	0.00	0.00	0.01	0.01
Portfolio turnover rate (%)⁴	<b>27.74</b>	57.27	18.78	17.23	n/a
Net asset value per security (\$)	<b>10.10</b>	10.06	10.50	10.33	10.01

(1) This information is provided as at the end of the fiscal period shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs, income taxes and withholding taxes) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. If in the period a series was established or reinstated, the management expense ratio is annualized from the date of inception or reinstatement. CLIML may waive or absorb operating expenses at its discretion and stop waiving or absorbing such expenses at any time without notice.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. 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 period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The portfolio turnover rate is not provided when the Fund is less than one year old. The value of any trades to realign the Fund's portfolio after a fund merger, if any, is excluded from the portfolio turnover rate.

## Management Fees

The Fund pays no management fees on its Series R securities.

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## Fund Formation and Series Information

The Fund may have undergone a number of changes, such as a reorganization or a change in manager, mandate or name. A history of the major changes affecting the Fund in the last 10 years can be found in the Fund's Annual Information Form.

Date of Formation June 28, 2017

The Fund may issue an unlimited number of securities of each series. The number of issued and outstanding securities of each series is disclosed in *Financial Highlights*.

**Series Distributed by Quadrus Investment Services Ltd.** (255 Dufferin Ave., London, Ontario, N6A 4K1; 1-888-532-3322; [www.canadalifeinvest.ca](http://www.canadalifeinvest.ca))

Series R securities are offered only to other funds managed by CLIML on a non-prospectus basis in connection with fund-of-fund arrangements.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees
Series R	July 14, 2017	— *	— *

\* Not applicable.