

# CANADA LIFE PATHWAYS US EQUITY FUND

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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.*

# CANADA LIFE PATHWAYS US EQUITY FUND

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 of all series in the current and previous periods is shown in the *Past Performance* section of the report. Performance will vary by series primarily because fees and expenses differ between series, or because securities of a series were not issued and outstanding for the entire reporting period. Please refer to the *Fund Formation and Series Information* section of this report for the varying management and administration fees payable by each series. 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 I Series securities returned 7.3% (after deducting fees and expenses paid by the series). This compares with the S&P 500 Index return of 10.0%. 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 U.S. 10-year Treasury bond rate trended lower early in the period, prompting a consolidation in value stocks, while large-capitalization growth stocks led markets higher. The emergence of the COVID-19 Delta variant and supply issues raised concerns of a slowdown in economic activity and the potential for higher-than-expected inflation. U.S. equity markets rose despite experiencing the worst monthly decline of 2021 in September.

Within the S&P 500 Index, real estate, information technology and communication services were the strongest sectors in Canadian dollar terms, while industrials, materials and utilities were the weakest.

The Fund underperformed the index, with an underweight position and stock selection in the information technology sector and stock selection in the communication services sector detracting from performance.

Conversely, stock selection in the energy sector contributed to performance. Holdings in the United Kingdom also contributed to performance.

Over the period, neither portfolio activity nor market developments significantly changed the positioning of the Fund. Changes to the portfolio included new positions in Anthem Inc. and McKesson Corp., and the elimination of the position in Cigna Corp.

### Net Assets

The Fund's net assets decreased by 74.2% during the period to \$18.8 million. This change was composed primarily of \$7.0 million in net income (including any interest and/or dividend income) from investment performance, after deducting fees and expenses, and a decrease of \$61.0 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. 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.

Interest rates, as measured by the 10-year yield, ended the period considerably higher than they were when the value rally began in late 2020. The portfolio management team notes that higher rates tend to benefit value stocks. The team believes value stocks remained inexpensive relative to growth stocks and inexpensive relative to their own fundamentals. Growth stocks, on the other hand, remained expensive by historical measures.

The team remains focused on relative value – analyzing the valuation of companies compared with businesses in the same sector. It also seeks to manage interest-rate risk by maintaining a mix of holdings with varying sensitivity to interest rates.

# CANADA LIFE PATHWAYS US EQUITY FUND

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## Related Party Transactions

### Management and Administration Services

For each applicable series, the Fund paid management fees and administration fees to CLIML at the annual rates specified under *Fund Formation and Series Information* in this report and as more fully described in the Prospectus. CLIML paid the administration fees to Mackenzie for providing day-to-day administration services, including financial reporting, communications to investors and securityholder reporting, maintaining the books and records of the Fund, NAV calculations and processing orders for securities of the Fund. In return for the administration fees, Mackenzie pays all costs and expenses (other than certain specified fund costs) required to operate the Fund that are not included in management fees. See also *Management Fees*.

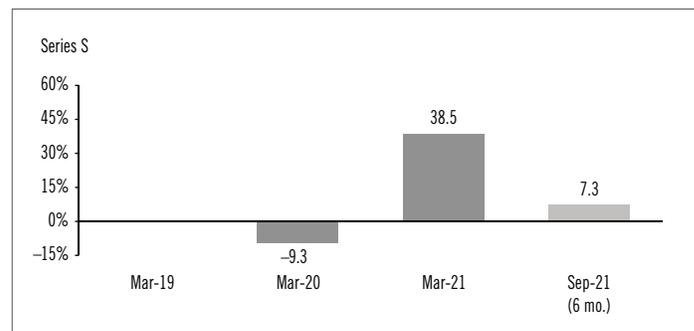
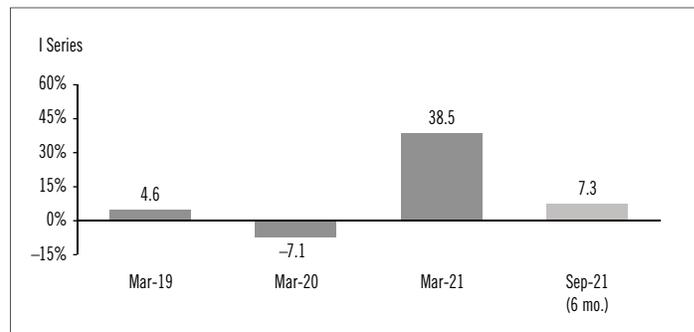
### Other Related Party Transactions

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 69.3% 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.

## Past Performance

The following bar charts present the performance of each series of the Fund for each of the fiscal periods shown. The charts show, 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 PATHWAYS US EQUITY FUND

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

## Summary of Investment Portfolio at September 30, 2021

<b>Portfolio Allocation</b>	<b>% of NAV</b>
Equities	102.4
Cash and short-term investments	4.3
Exchange-traded funds/notes	1.5
Other assets (liabilities)	(8.2)

<b>Regional Allocation</b>	<b>% of NAV</b>
United States	97.1
Cash and short-term investments	4.3
Netherlands	2.1
United Kingdom	1.8
France	1.7
Ireland	1.2
Other assets (liabilities)	(8.2)

<b>Sector Allocation</b>	<b>% of NAV</b>
Financials	21.5
Health care	17.7
Industrials	12.0
Information technology	10.1
Consumer discretionary	7.7
Consumer staples	7.5
Energy	6.4
Materials	6.0
Utilities	5.1
Communication services	5.0
Cash and short-term investments	4.3
Real estate	3.4
Exchange-traded funds/notes	1.5
Other assets (liabilities)	(8.2)

<b>Net Currency Exposure</b>	<b>% of NAV</b>
U.S. dollar	117.8
Euro	1.3
British pound	(2.5)
Canadian dollar	(16.6)

## Top 25 Positions

<b>Issuer</b>	<b>% of NAV</b>
Cash and short-term investments	4.3
Bank of America Corp.	3.9
JPMorgan Chase & Co.	3.7
Microsoft Corp.	3.6
Citigroup Inc.	3.1
Wal-Mart Stores Inc.	2.6
Regeneron Pharmaceuticals Inc.	2.2
General Motors Co.	2.0
Johnson & Johnson	2.0
ConocoPhillips	1.9
Charter Communications Inc.	1.8
AbbVie Inc.	1.8
Northrop Grumman Corp.	1.8
Danaher Corp.	1.8
Anthem Inc.	1.8
The Goldman Sachs Group Inc.	1.8
Southwest Airlines Co.	1.8
AstraZeneca PLC	1.8
NRG Energy Inc.	1.7
Freeport-McMoRan Inc.	1.7
PNC Financial Services Group Inc.	1.7
United Rentals Inc.	1.7
Target Corp.	1.6
Exelon Corp.	1.6
McKesson Corp.	1.6

<b>Top long positions as a percentage of total net asset value</b>	<b>55.3</b>
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*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 PATHWAYS US EQUITY FUND

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

## 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 (\$)<sup>1</sup>

I Series	Sep. 30 2021	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019
<b>Net assets, beginning of period</b>	<b>12.85</b>	9.41	10.39	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.13	0.43	0.31	0.10
Total expenses	(0.01)	(0.03)	(0.03)	(0.02)
Realized gains (losses) for the period	1.33	(2.85)	0.89	(0.01)
Unrealized gains (losses) for the period	(0.56)	6.13	(2.29)	0.42
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.89</b>	3.68	(1.12)	0.49
<b>Distributions:</b>				
From net investment income (excluding Canadian dividends)	(0.12)	(0.16)	(0.26)	(0.07)
From Canadian dividends	–	–	–	–
From capital gains	(0.18)	–	–	–
Return of capital	–	–	–	–
<b>Total annual distributions<sup>3</sup></b>	<b>(0.30)</b>	(0.16)	(0.26)	(0.07)
<b>Net assets, end of period</b>	<b>13.49</b>	12.85	9.41	10.39

Series S	Sep. 30 2021	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019
<b>Net assets, beginning of period</b>	<b>12.08</b>	8.85	10.00	n/a
<b>Increase (decrease) from operations:</b>				
Total revenue	0.11	0.16	0.19	n/a
Total expenses	(0.01)	(0.02)	(0.02)	n/a
Realized gains (losses) for the period	1.51	0.86	(4.11)	n/a
Unrealized gains (losses) for the period	(0.48)	2.26	(1.37)	n/a
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>1.13</b>	3.26	(5.31)	n/a
<b>Distributions:</b>				
From net investment income (excluding Canadian dividends)	(0.11)	(0.15)	(0.24)	n/a
From Canadian dividends	–	–	–	n/a
From capital gains	(1.33)	–	–	n/a
Return of capital	–	–	–	n/a
<b>Total annual distributions<sup>3</sup></b>	<b>(1.44)</b>	(0.15)	(0.24)	n/a
<b>Net assets, end of period</b>	<b>11.53</b>	12.08	8.85	n/a

- (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.

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## RATIOS AND SUPPLEMENTAL DATA

I Series	Sep. 30 2021	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019
Total net asset value (\$000) <sup>1</sup>	<b>5,790</b>	4,439	3,889	2,411
Securities outstanding (000) <sup>1</sup>	<b>429</b>	346	413	232
Management expense ratio (%) <sup>2</sup>	<b>–</b>	0.02	0.02	0.01
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	<b>–</b>	0.02	0.02	0.01
Trading expense ratio (%) <sup>3</sup>	<b>0.08</b>	0.14	0.28	0.40
Portfolio turnover rate (%) <sup>4</sup>	<b>32.61</b>	24.02	90.11	n/a
Net asset value per security (\$)	<b>13.49</b>	12.85	9.41	10.39

Series S	Sep. 30 2021	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019
Total net asset value (\$000) <sup>1</sup>	<b>13,053</b>	68,475	2,096	n/a
Securities outstanding (000) <sup>1</sup>	<b>1,132</b>	5,669	237	n/a
Management expense ratio (%) <sup>2</sup>	<b>0.04</b>	0.03	0.04	n/a
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	<b>0.04</b>	0.03	0.04	n/a
Trading expense ratio (%) <sup>3</sup>	<b>0.08</b>	0.14	0.28	n/a
Portfolio turnover rate (%) <sup>4</sup>	<b>32.61</b>	24.02	90.11	n/a
Net asset value per security (\$)	<b>11.53</b>	12.08	8.85	n/a

- (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 management fee for each applicable series is calculated and accrued daily as a percentage of its NAV and payable quarterly to CLIML directly by investors and not by the Fund. These management fees were used by CLIML in part to pay Putnam Advisory Company LLC, an affiliate of CLIML, for investment advisory services, including managing the investment portfolio of the Fund and/or the underlying fund(s), as applicable, including providing investment analysis and recommendations, making investment decisions and making brokerage arrangements for the purchase and sale of the investment portfolio.

Quadrus Investment Services Ltd. ("Quadrus"), an affiliate of CLIML, is the principal distributor for the Fund. As such, Quadrus receives a portion of the management fees that investors in the Fund pay directly to CLIML.

# CANADA LIFE PATHWAYS US EQUITY FUND

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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 October 12, 2018

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))

I Series securities are offered to investors investing a minimum of \$25,000, who are participating in the Canada Life Constellation Managed Portfolios program, and who have entered into an I Series Account Agreement with CLIML and Quadrus which specifies the fees applicable to this account.

Series S securities are offered to The Canada Life Assurance Company and certain other mutual funds, but may be sold to other investors as determined by CLIML.

I Series of the Fund is only available for purchase under a no-load purchase option. For further details on this purchase option, please refer to the Fund's Simplified Prospectus and Fund Facts.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees
I Series	October 22, 2018	— <sup>(1)</sup>	— <sup>(1)</sup>
Series S	May 21, 2019	— <sup>(2)</sup>	0.03%

(1) This fee is negotiable and payable directly to CLIML by investors in this series through redemptions of their securities.

(2) This fee is negotiable and payable directly to CLIML by investors in this series.